FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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The lessons to be learned from Chernobyl, Page 18

World news — Business summary

Chemical weapons debate adjourned

Nato ambassadors adjourned in Brussels without finally adopting a controversial recommendation that the US produce new chemical weapons.

A Nato spokesman said he was only authorised to state that the discussion would continue.

Other sources said the meeting would resume today and the US plan was *almost certain* to be adopted, with Denmark, Norway and the Netherlands putting their reservations on the record.

New governor

Bank of Portugal's new governor is Mr Carlios Alberto Tavares *Moreira*. He replace Mr Victor Constancio, who resigned recently to campaign for the leadership of the Socialist Party.

Sudanese Cabinet

Prime Minister Sadeq al-Mahdi announced a broad-based Government in which he took the key defence portfolio and gave parties from war-torn southern Sudan four ministries. *Editorial* comment, Page 18

Anti-Bhutto move

Pakistan Government is taking controversial steps to strengthen its base in Parliament so that it can effectively resist calls for early general elections, issued in the past months by *Miss Benazir Bhutto*. Page 5

Soviet offer

Soviet Union introduced a draft treaty limiting intermediate-range nuclear missiles at the Geneva arms talks, but at first sight it appeared to contain little new, said the *White House*. Page 4

Seeking asylum

Eden Pastora, a former leader of *Nicaragua's government-led* Sandinista forces who turned rebel, is expected to turn his troops over to the International Red Cross and seek asylum in Costa Rica.

Finnish warning

Finland's Government warned 42,000 state employees that it could use legislation to end their six-week-old strike.

Botha defiant

President P. W. Botha, faced with continuing rioting in South Africa's black townships, said his Government was determined *to maintain* order and had plenty of power in reserve to do so. Page 4

Riot students die

Three students died and 18 policemen were injured in rioting at one of Jordan's three universities, in Irbid. Officials said it began over engineering tuition fees.

Colombo alert

Sri Lanka's top security official warned that more bombings by Tamil separatists could be expected in *Colombo* and announced emergency anti-guerrilla measures.

New lira bill

Italian Cabinet will discuss a draft bill to introduce a new currency worth 1,000 times the present lira.

Arms sales shift

Britain and Italy dramatically increased arms sales to Third World countries in 1985 while the Soviet Union and France showed significant declines, *according* to a US congressional study.

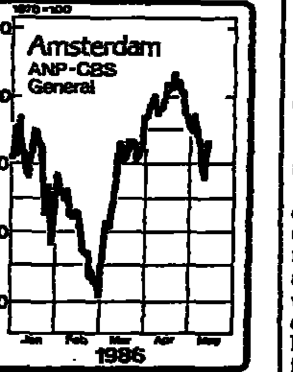
Reef reinforced

Qatar, locked in a territorial dispute with Bahrain, has reinforced the disputed Gulf reef of Fasht ad-*Dibal* with heavy artillery and rocket launchers, *Bahrain newspapers* reported.

Morgan Grenfell to seek listing

MORGAN GRENFELL, one of Britain's largest and most successful *merchant banks, is to seek a listing* for its shares on the London Stock Exchange. Shareholders include Willis Faber (23 per cent) and Deutsche Bank. Page 20

WALL STREET: The Dow Jones industrial average closed 33.6 down at 1,774.68. Page 42



AMSTERDAM bourse was buoyed by better-than-expected results from Royal Dutch/Shell. The ANP-CBS General index firmed 5.4 to 283.3. Page 42

TOKYO: Stocks slipped as uncertainty over the yen's outlook remained. The Nikkei average eased *19.06 to 15,924.69*. Page 42

LONDON: Prices wilted afresh as the market *digested NatWest's* cash call of the previous session. Gilts were lower. The FT Ordinary share index fell 17.4 to 1,302.6 while the FT-SE 100 lost 18.9 to 1,575.7. Page 42

DOLLAR rose in London to DM 2.1985 (DM 2.1850); SFr 1.8280 (SFr 1.8175); FFr 7.01 (FFr 6.9675) and *Y163.60 (Y163.35). On Bank of England* figures the dollar's exchange rate index rose from 113.7 to 113.6. Page 35

STERLING fell in London to close at $1.5350 from $1.5395. It rose to DM 3.3750 (DM 3.3650); SFr 2.8050 *(SFr 2.7975) and FFr 10.76 (FFr* 10.7275), but fell to Y251.25 (Y251.50). The pound's exchange rate index rose to 76.1 (76.0). Page 35

GOLD fell $0.50 on the London bullion market to close at $342.25. It also *fell in Zurich* to $342.05 ($342.30). In New York the June Comex settlement was $343.40. Page 34

CANADA: The Bank of Montreal led the move to lower interest rates by cutting its prime rate to 10¼ per cent from 10¾ per cent effective today.

US PRESIDENT Ronald Reagan imposed quotas on EEC agricultural imports in retaliation for restrictions *on US farm exports to* Spain and Portugal. Page 20

CREDIT *LYONNAIS*, second-largest French bank, is planning a FFr 2.5bn ($358m) sale of non-voting shares to bolster its capital resources. Page 21

CATHAY PACIFIC shares traded heavily on their first day, accounting for more than half the trading volume on the Hong Kong Stock Exchange. They closed at HK$5.20 (US 66 cents). Page 23

BMW, West German *car* and motorcycle maker, expects static sales and earnings this year because of sharpening competition in its home market. Sales in the first four *months* rose 2.5 per cent to DM 5.3bn ($2.43bn). Page 21

FIRESTONE *Tire and Rubber* of the US, after taking over direct control of its Spanish affiliate, hopes to bring its operations in Spain out of the red this year, according to Mr Jerome Nunn, chief executive of Firestone Hispania.

PERKIN-ELMER, US high-technology group, posted a 14 per cent decline in fiscal third-quarter net earnings citing, in part, losses at Concurrent *Computer*, *the super*-minicomputer group which was spun off as a separate company late last year. Page 21

Paris eases curbs on capital flows, exchange controls

BY DAVID HOUSEGO IN PARIS

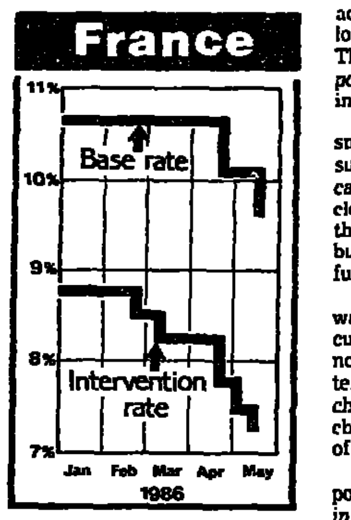
FRANCE yesterday took a *significant* step towards conforming with EEC policies on the freeing of capital movements within Europe by announcing that French *citizens* will again be allowed to purchase stocks and private properties abroad.

The *liberalising* of capital transfers, together with a further easing of foreign exchange controls to allow French companies to cover themselves against foreign exchange risks, were among the main measures in a far reaching economic package announced by Mr Edouard Balladur, the Finance Minister.

The package is aimed at convincing the business and financial community that the Government is reversing the traditional centrally administered French economy in which credit, price and foreign exchange controls have long played a key part. It also hopes to provide a favourable climate for investment and job creation.

Other moves include discarding, from next January 1, France's centralised system of credit allocation. In future, the Bank of France will determine the availability of credit through its influence on interest rates during open market trading operations.

In addition, new money market instruments will be available to corporate treasurers and further steps towards deregulating the financial markets will be taken, including encouraging banks to compete in fixing deposit rates.



Mr Balladur announced that the FFr 50bn ($7.1bn) rise in France's foreign exchange reserves since the March devaluation of the *franc* would enable the Government to prepay a further $1.8bn of the EEC loan France contracted in 1983, in addition to the prepayment made last month.

He confirmed a 1.5 percentage point cut to 4.5 per cent in interest payable on popular tax-free savings accounts as part of a widespread lowering of French interest rates. These include a 0.50 per centage *point reduction in banks' base lending* rates to 9.60 per cent.

But the Government reduced by a smaller margin interest rates on subsidised loans to industry and *local authorities – thus aligning them* closer to market rates and cutting the cost of interest subsidies to the budget by several billion francs in a full year.

Ministry of Finance officials warned that the scope for further cuts in domestic interest rates was now limited as the cost of administering France's costly system of *chequing accounts imposed a basic* charge on banks of about 7 per cent of what they raise in deposits.

Bankers yesterday were quick to point out that the measures still left *in force a substantial battery of exchange* controls – including restrictions on lending by banks to non-residents, ceilings on investment abroad by companies and curbs on *Frenchman openign foreign bank* accounts or purchasing unlisted securities abroad.

It was also pointed out that the further development of the *financial markets* and the ending of credit allocation reinforces reforms already begun by the Socialists.

Continued on Page 20

Editorial comment, Page 18; Details, Page 24

BCal calls for early loss of more than 1,000 jobs

BY LYNTON McLAIN AND LIONEL BARBER IN LONDON

BRITISH Caledonian Airways, the second largest UK intercontinental airline, yesterday called for more than 1,000 staff to go "as soon as possible."

The substantial job losses amount to almost 13 per cent of the airline's 7,760 staff. Aircraft capacity on long-haul routes is to be cut by 7 per cent and four UK regional *sales offices are to close*.

Without the cuts, the airline would be heading for a substantial loss this year after record BCal group pre-tax profits of £21.7m ($33m) in the *year to October 1985*.

BCal hopes staff will take voluntary severance and early retirement, at a cost of about £7m. The airline has set June 10 as the deadline *for staff to take the offer*.

The measures were "pre-emptive moves in the face of the severe economic downturn which the airline's directors see emerging this summer," *Mr David Coltman*, the BCal managing director said yesterday. The immediate aim is to save £30m a year. "If the economy measures work, we will end the year with a strong balance sheet and continuing profitability in a bad year," he said.

The *airline has already been hit* by a 10 per cent fall in passenger bookings this year. The worst affected area is the north Atlantic, where bookings are 40 per cent *down compared with last year*.

BCal services over the Atlantic are to be cut from 35 flights to 33 flights a week. Services to the Middle East, mainly Saudi Arabia, are *to be cut by one a week to 13 flights*.

Mr Coltman said there was no connection between yesterday's proposed job cuts and the talks being held with International leisure, *the Intersun holidays and Air Europe* charter airline group.

The talks centre on a possible operational merger of the two company's airline fleets, according to several executives close to the talks.

Both BCal and International Leisure are due to take delivery of a large number of new airliners, starting in 1988. BCal has placed firm orders to buy seven *A320 Airbus* airliners worth £160m to – 170m. *Air Europe* is to buy four new Boeing 737-300 aircraft for about £65m.

One option under discussion is to form a joint venture to help fill *seats on the aircraft*. Some BCal executives argue that an operational merger could make sense.

Senior BCal executives said yesterday there was no question of a *full-scale financial* merger with International Leisure, chaired by Mr Harry Goodman. BCal said its own net worth was between £130m and £150m, including aircraft sales, whereas *International Leisure's* market capitalisation was only £64m.

The BCal service to Libya was suspended after the US bombing of the country last month. Within 15

Continued on Page 20

Murdoch plans novel $200m issue

BY CLARE PEARSON IN LONDON

NEWS CORPORATION, the Australian master company of Mr Rupert Murdoch's worldwide newspaper and broadcasting group, yesterday announced plans for a novel *$200m Euromarket issue* that *will* both strengthen its equity base and dispose at a high profit of much of its holding in Reuters, the UK information and newsagency group.

The issue, lead-managed by Credit Suisse First Boston, offers investors 200,000 preference shares exchangeable into 'B' ordinary shares of Reuters Holdings after 90 days.

News Corporation said the issue would be used, in part, to eplace existing high-cost preferred shares, and added that the $200m proceds were almost three times the $68m *valuation on the group's 9.5 per cent* holding of Reuters' 'B' shares when the group went public in June 1984.

News Corporation's 9.5 per cent holding of Reuters 'A' shares will not be affected by the issue.

Mr Murdoch said in a press statement that the excellent terms obtained by the issue "highlight Reuters' impressive achievements and anncipated future profits growth." *Placement of the preference shares* through the Euromarkets would mean that a larger number of Reuters shares would end up in the hands of international investors.

Reuters said the issue's terms were a "compliment" to the company.

The Reuters shares, to be provided entirely out of News Corporation's holding, will be available to purchasers of the News preference shares after 90 days at a 15 per cent premium. The preference shares will pay an annual dividend of 5 per *cent during their 15-year life*. Final terms are to be set on May 22.

While an increasing number of equity issues have been placed through Euromarkets channels, rather than floated on stock *exchanges in recent months, preference* share issues remain unusual. Earlier this year, Jardine Matheson, the Hong Kong trading group, used a similar formula to dispose of *part of its large holding in Hong* Kong Land.

Co-lead managers with CSFB are Deutsche Bank and Swiss Bank Corporation, emphasising strong *placing power with Continental* investors.

News Corporation, whose UK newspaper titles include the Sun and The Times, is currently engaged in ambitious plans to establish a fourth US television network on the basis of the former Metromedia broadcasting group. US analysts believe the financing needs of this *project, met so far from the sale of* high-yielding "junk banks" in New York, have put pressure on Mr Murdoch to strengthen the company's equity base.

Lex, Page 20

Employment in UK falls and output declines

BY GEORGE GRAHAM IN LONDON

UNEMPLOYMENT in the UK continued to climb last month, and hopes of a reversal to its rise were dampened by the announcement of a *fall in manufacturing output*.

Adult unemployment rose by only 3,000 to 3.2m after *seasonal* adjustments, much less than the previous month's sharp 33,000 increase, but the Department of Employment said yesterday that the *past few months clearly indicated* an upwards trend.

Additional figures published yesterday by the Department of Employment showed that British *labour costs per unit of output were* rising faster than those of other major industrial nations. Manufacturing output in the first quarter fell by 1 per cent from the previous *quarter, leaving companies* to bear the full impact of wages rising at an underlying rate of 7½ per cent a year without any offsetting productivity gains.

Labour costs per unit of output in March stood 8.3 per cent higher than a year earlier, whereas West German and Japanese unit labour costs are hardly increasing.

The figures contributed to a further decline in the London stock market, already wilting under the weight of National Westminster Bank's massive rights issue, announced the previous day. Some stockbrokers revised their company profit forecasts downwards, and the FT Ordinary share index fell back 17.4 to end at 1302.6.

Today's announcement of the April retail price index is expected to show a further substantial fall in inflation to less than 3½ per cent a year, but the rising trend of unemployment and the worrying level of increase in unit labour costs helped to *moderate the market's* enthusiasm.

Some analysts have been predicting a half percentage point cut in bank base rates today, but although *money market interest rates* are already below the current 10.5 per cent base rate, more caution was felt yesterday over whether the Government would encourage a *further cut*.

Mr Nigel Lawson, the Chancellor of the Exchequer, said in the House of Commons yesterday that interest rates should be brought down "as much and as soon as *it is prudent* to do so," but he pointed out that there had already been a 2 percentage point reduction in rates since the budget in March, and that families were benefiting from cuts in the mortgage (home loan) rate worth an average of £3.60 ($5.52) a week.

In Whitehall, officials warned that the UK's high level of real interest rates was partly a consequence of the rapid growth in its unit labour costs, which was also contributing to the UK's poor unemployment record.

Overall UK enemployment, without seasonal adjustments and including school-leavers, rose last month by 1,000 ot 1.33m. A 27,000 fall in the unadjusted level of adult unemployment was *cancelled out* by the *addition*, a month earlier than last year, of 28,000 Easter school-leavers.

Seasonally adjusted, the level of male unemployment fell by 4,000 last month while female unemploy*ment increased by 7,000*. Overall, adult unemployment has been rising by around 14,000 a month over the past six months, following a period during which it appeared to *have flattened*.

Recent changes in the way the Government measures unemployment have reduced the "headline total" by around 50,000. The Unemployment Unit, a research and pressure group, says that the cumulative effect of this and other alterations to the unemplyment statistic s is to reduce the published figure by 463,000.

The number of employees in employment in *manufacturing* industries fell by 3,000 in March to 5.39m, continuing the downward trend in employment in this sector since 1980.

Average earnings rose in the month by 8.6 per cent, but the Department of Employment said the underlying rate of increase continued at 7½ per cent a year. The *March figure was higher mainly* because of a large amount of backpay paid to teachers after the settlement of their dispute.

Lord Young, the Employment Secretary, said yesterday: "The trend of unemployment is still upwards. *The best hope of a lasting* improvement on the jobs front is a much more widespread realisation that pay is a crucial component of production costs."

But Mr John Edmonds, general secretary of the General Municipal, *Boilermakers* and Allied Trades Union said: "It is a national disgrace that such appalling figures are totally ignored by the Government. The unemployment level has *nearly tripled in the six years since* Mrs Thatcher became Prime Minister."

Sterling remained steady on the foreign exchanges, closing nearly *half a cent lower against the dollar* at $1.535 and 1 pfennig higher against the D-Mark at 3.375. The Bank of England's exchange rate index rose 0.1 to 76.1.

Details, Page 8

Chernobyl death toll likely to rise, says US doctor

By Patrick Cockburn in Moscow

SERIOUS radiation injuries caused by the Chernobyl nuclear reactor disaster have already caused *seven* deaths and further fatalities are unavoidable, a US bone marrow specialist helping to treat the victims warned in Moscow yesterday.

Dr Robert Gale, who works for the University of California, told a press conference that the seven had been among 35 people who were seriously irradiated as a result of the accident. Bone marrow transplants have been carried out on 19 patients by American and Soviet doctors.

Another two men were killed in the first explosion at Chernobyl on 26 April and 299 *people are in hospital* in Moscow suffering from the effects of radiation.

Dr Gale said the difficulty experienced in treating only 300 radiation casualties "demonstrates *our limited* ability to respond to a nuclear accident." The types of radiation injuries suffered at Chernobyl are diverse. Some of those now in hospi*tal inhaled radioactive gases with a* very short life which are now impossible to identify.

Almost everybody affected by the reactor at Chernobyl seems to have suffered their *injuries* on 26 April. Dr Andrei Voronyov, who led the Soviet team treating casualties, said that "firemen were among those who suffered worst" but they knew "what kind of fire they were dealing with." People in charge of the power station also suffered heavy doses of radiation. Dr Gale added that medical doctors and firemen knowingly exposed themselves to considerable risks.

Dr Gale, who arrived in Moscow on May through the agency of Dr Armand Hammer, the head of Occidental Petroleum Corporation, said there was very little chance of anybody outside the *immediate* area of the power plant suffering from acute radiation sickness. He said he has asked the Soviet authorities to be allowed to visit the *Chernobyl area in company with* Soviet doctors.

Dr Voronyov also said it was very unlikely that people over a wide area around Chernobyl would have received serious injuries. He said there had been thorough tests on people living in the settlement of Pripyat, close by the plant. Examinations of their clothes and thyroids showed that the maximum radiation dose was 50 rad: "Less than half that which causes disease."

Asked about a woman and her son in Gomel, a city in Byelorussia

Continued on Page 20

Details and analysis, Page 3; Feature, Page 18

CONTENTS

Four countries on verge of helicopter deal

BY JAMES BUXTON IN ROME

BRITAIN, Italy, the Netherlands and Spain are expected to sign an agreement shortly on the development of a light attack helicopter to be called Tonal, based on the Italian Agusta Mongoose.

The project would strengthen ties between Agusta and Westland of Britain which became strained last winter during the battle to rescue Westland.

Britain and Italy will each provide 38 per cent of an initial feasibility study. The Netherlands will pay 19 per cent and Spain 5 per cent. Agusta yesterday was unable to say what total development costs would be.

The agreement, which should be signed in the next few weeks, will cover pre-feasibility and pre-definition studies. If the project went ahead, series production would not begin until well into the 1990s.

The origin of the Tonal project lies in a Government-sponsored agreement last spring between Westland and Agusta to study the possibility of developing the Mongoose to meet the British army needs in the 1990s. Shortly afterwards the Netherlands became interested, followed by Spain.

The intention is to develop a helicopter available in three versions: Scout, anti-tank, and air-to-air attack. Agusta believes that Britain might be interested in buying 200 aircraft of different versions and the Netherlands 60. The Italian armed forces may also buy the Tonal.

An agreement to proceed with detailed studies will be an important boost for Agusta which developed the Mongoose on its own and has so far sold it in only modest numbers. Sixty have been ordered by the Italian army, though negotiations with other potential customers are proceeding.

Agusta suffered a serious disappointment when France and West Germany decided in 1984 to collaborate in designing their own anti-tank helicopter, the PAH-2, although this project appears to be in doubt as the story below makes clear.

Last November Mr Michael Heseltine, then Britain's Defence Secretary, secured an agreement from France, West Germany, Italy and Britain that could have led to a merging of the two projects. But the agreement lapsed when the bid for a stake in Westland by the European consortium — which included Agusta and French and West German aerospace companies—was rejected. Westland shareholders instead chose rescue by Sikorsky of the US and Fiat of Italy.

While the Westland affair raged, work on the Anglo-Italian studies of the Tonal came to a halt. But it resumed soon after. Westland and Agusta are already collaborating on the EH-101 naval and utility helicopter.

Fate of Franco-German project hangs in balance

BY PETER BRUCE IN BONN

WEST GERMANY and France may be about to abandon efforts to build an anti-tank and combat helicopter for deployment in the 1990s. The fate of the project, which has been bedevilled by rising costs, rows over equipment and specifications, and indecisive management, is likely to be decided before the Bundestag takes its summer break at the end of June.

Official displeasure at the slow progress of the project, known in West Germany as the PAH-2, and as HAP and HAC in its two intended versions for the French, surfaced this week after a first visit here by the new French Defence minister, Mr Andre Giraud.

He has apparently suggested that the two nations' armaments directors have a final meeting as soon as possible to try to agree on specifications for a basic helicopter. He implied that if this is not possible, then Paris and Bonn should continue with separate projects.

Both governments blame industry for the problems. Certainly, when the project management was first given to West Germany's Messerschmitt-Bolkow-Blohm (MBB), frictions arose between it and the French partner, Aerospatiale.

MBB quickly pleaded for, and obtained, a joint group, Eurocopter, to lead the project. The senior civil servant in the Defence Ministry in Bonn, Dr Manfred Timmermann, told a Bundestag committee recently that these changes in management structure alone had delayed the project by two years.

The primary cause of friction, however, lies in the fact that the two governments were never able to agree on the production of one helicopter. Bonn wanted a specialist anti-tank helicopter, while the French wanted a more flexible aircraft which they could also export.

Communications between the builders and the ministries has also never been good, say officials, with many of the delays being caused by government, notably the one in Bonn, imposing spending ceilings on various aspects of the project.

Bonn made DM 978m (£291m) available in 1983 for development of the PAH-2 and reckoned then with procurement costs of around DM 3.6bn. These estimates have since risen to DM 1.2bn and DM 4bn respectively. As things stand, the PAH-2, which might have gone into service this year, is scheduled to go into production in 1995, three years later than the date formally agreed between Bonn and Paris in 1984.

The two sides agreed originally to build one basic helicopter and to arm it according to national needs, but there have been further rows over whether to use a US designed and produced night-sight, as the West Germans wanted to do to save time and money, or, as the French began to insist after the formal agreement was signed, to develop a European competitor. The night-sight debate still rages, it is understood.

The Bundestag defence and budget committees in Bonn are growing increasingly wary of approving any more money for the PAH-2. Updated cost estimates wer expected by the end of last month but details of these are not available. These costings will have to be provisional anyway because detailed specifications for a number of subsystems, and the engines, are not due before the end of September.

Mr Giraud and his West German counterpart, Mr Manfred Woerner, are scheduled to meet again next month and they could well announce then that the project has been abandoned, at least as a joint venture, or drastically reduced in scope.

New hands take the helm in Yugoslavia

BY ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVIA TODAY gets a new Prime Minister, Mr Branko Mikulic, a Croat from the republic of Bosnia, and a new state President, Mr Sinan Hasani, an ethnic Albanian, under its elaborate political rotation system bequeathed by Tito to avoid overt power struggles in this ethnically varied country.

The government passes from the hands of Mrs Milka Planinc. But its make-up will not differ greatly under Mr Mikulic, who will serve for the fixed four-year term. He will retain the existing foreign, defence and interior ministers, and Mr Janez Zemljaric, a Slovene who has been one of Mrs Planinc's three vice premiers.

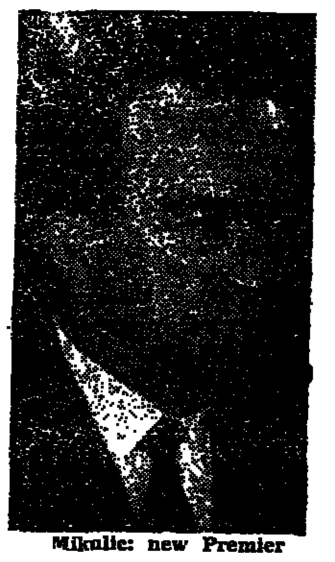
The only significant additions are Mr Milos Milosavljevic from Serbia, who will be the other vice premier, the third vice premiership having been abolished, and Mr Tozar Rikanovic, a former banker and also from Serbia, who will be finance minister. The only structural change is the establishment of two federal committees for science and technology and for tourism.

However, the cabinet change coincides precisely with the end today of six and a half years of International Monetary Fund supervision of the economy through successive standby arrangements. The IMF's future role will be the indirect one of "enhanced monitoring" as a guarantee for Yugoslavia's official and commercial creditors which have agreed to reschedule debt repayments until 1988.

Mr Mikulic, who comes to the premiership with a reputation as a tough and able interventionist in Bosnia, is to outline his policy in an address later today to the newly elected parliament. But a hint of change came this week from Mr Boris Srebric, the outgoing vice premier in charge of the economy, who said that Yugoslavia will now finally be able to pursue a proper anti-inflationary policy.

Mr Srebric's clear implication was that the IMF laissez-faire approach to inflation—regarding it as a symptom, not a root cause, of Yugoslavia's economic ills—had prevented the Government hitherto from slapping on administrative price controls. Last month, prices stood 84.8 per cent higher than in April 1985, with retail prices standing 8.5 per cent higher than in March and 30.6 per cent higher than last December.

Another worry from Mr Mikulic is that the growth of industrial output, which in the first four months of this year was 6.1 per cent above the level a year earlier, is perhaps losing steam, while exports dived last month.



Mikulic: new Premier

Pressure forces Finns to devalue markka 2%

BY OLLI VIRTANEN IN HELSINKI

BANK OF FINLAND yesterday devalued the markka by 2 per cent within the central bank's own "currency snake." At the same time the bank parliamentary supervisory board decided to lower the base rate from 8 to 7 per cent from Monday.

The markka has been under strong pressure ever since last weekend when Norway devalued the krone by 12 per cent. Finland was regarded as in a danger zone, and her trade with the Soviet Union is coming down rapidly.

On the other hand, the central bank's currency reserves have also decreased. Finland's inflation is slightly higher than that of her main trading partners.

Bank of Finland tried to squash rumours of a pending devaluation by raising the call money rate on two successive days a total of 4.8 per cent to 16 per cent.

Outflow of currency, which the central bank refuses to specify, dwindled yesterday. One commercial banker said that the markka's forward premium came down by 1 per cent, which indicated a calm after the storm.

Bank of Finland calls the change in the exchange rate "an adjustment," not a devaluation. The markka is now at the upper end of the "snake" with an index figure of 106.

The decision to lower the base rate follows weeks of growing pressure from most political parties, industry and labour unions. Finland's Government had already linked the pending move so closely to the new energy tax that backing off from it was very difficult.

The industry has also vigorously urged lower interest rates to give a boost to investment which has already sunk drastically in the face of high real interest rates.

Governor of the central bank, Mr Rolf Kullberg, has steadfastly refused to bring the base rate down despite low inflation and modest wage settlements. The decision by the board is seen as a defeat for his policy of extreme caution.

Libyan expelled by Italy

By James Buxton in Rome

ITALY's Ministry of the Interior has asked a Libyan businessman to leave the country, after refusing to grant him an extension of his temporary resident's permit.

The man, Ibrahim Moheddin, is a consultant to the Libyan Arab Foreign Investment Company (Lafico). He is on the board of Editar, a printing and publishing company controlled by Lafico, and has been in Italy since September 1985.

The expulsion comes amid mounting exasperation in Italy at successive actions by Colonel Muammer Gadaffi which Rome regards as increasingly provocative.

On April 15, after the US bombing of Tripoli, Libya fired two missiles at Lampedusa, an Italian island which is the closest part of Italian territory to Libya. The missiles exploded just short of their target in the sea.

Last weekend Col Gadaffi responded to the Tokyo summit declaration on terrorism, which singled out Libya, by saying that Italy was a target for Libyan military attacks. Earlier this week, Libya reacted to the expulsion in late April of 10 Libyan diplomats by expelling 25 of Italy's diplomatic personnel from Libya.

Oslo Labour Government gains qualified support

BY FAY GJESTER IN OSLO

A DEBATE in Norway's Storting (Parliament) yesterday indicated that the new minority Labour government is succeeding in its bid to win support from the two junior partners in the recently defeated Conservative-led coalition — a strategy which could keep it in office for quite a while, despite its lack of a parliamentary majority.

The Storting debate, on the Government's policy declaration, showed a clear split between these two middle-of-the-road parties – the Christian Democrats and the Centre (Farmers) Party; and the larger, more right-wing Conservative Party.

The Conservatives insisted that when Labour goes it must be replaced by a government with a majority in the Storting. This means some kind of deal with the maverick, far-right Progress Party, which holds the balance of power in the 157-member legislature, and whose two MPs helped to defeat the coalition earlier this month.

But the Centre and Christian Democrat parties refuse to enter into any bargain with the Progress Party, regarding it as politically untouchable.

The Centre Party parliamentary leader, Mr Johan Buttedahl, said yesterday that his party was prepared to participate in a new, minority non-Socialist coalition. But the Progress Party was "so totally different" from Centre in its political philosophy, that it was out of the question to rely on support from that quarter.

While Centre and Christian Democrat speakers indicated that the new Labour Government should be given a chance, if it pursued acceptable policies, Mr Jan Syse, Conservative parliamentary leader, suggested that Labour could be ousted by the autumn – "the time of year when most fruits ripen."

Labour speakers adopted a conciliatory line towards the centrist parties and Prime Minister Mrs Gro Harlem Brundtland said during the afternoon recess that she was "very satisfied indeed" with the debate so far.

● Unions representing Norway's 500,000 public sector employees – including teachers – have threatened to start a series of limited, local strikes from next Thursday, after the breakdown of talks with their employers in central and local government. The unions withdrew from voluntary bargaining after rejecting revised pay and conditions agreements offered to them by the Labour Government.

The strikes, which will gradually be escalated to include increasing numbers of employees, will initially mainly hit a limited number of local government services

Poehl hints at moves to defend dollar

THE West German central bank president, Mr Karl Otto Poehl, said yesterday that a period of currency market stability was urgently needed after recent volatility and co-ordinated intervention to this end could sometimes be useful, Reuter reports from Frankfurt.

Mr Poehl told bankers in Hamburg that convergence of economic policies among major industrial nations could help to prevent wild swings in currency relationships. "But co-ordinated intervention by central banks can also sometimes be useful to work against too strong a decline in the dollar," he said.

The remarks by Mr Poehl, the first by a senior West German monetary official since the Tokyo summit earlier this month, were released in Frankfurt by the Bundesbank.

It was primarily action by the Bundesbank that halted the dollar's rise just below DM 3.50 in late February last year, levels not seen for 13½ years. The West German central bank has only ventured occasionally into the market in recent weeks after the dollar dropped below DM 2.20, a level seen as critical to the competitiveness of the nation's exports.

The Bank of Japan bought $300m or $400m on exchanges early yesterday in an attempt to prevent the yen rising further in value against it. But the Bundesbank was absent and the dollar was officially fixed lower at DM 2.1897.

Mr Poehl rejected calls for setting specific levels for currencies which should then be defended by intervention in markets by individual countries, saying they would not work.

US authorities have been among the main advocates of moving further towards a semi-fixed system of exchange rates.

But Mr Poehl said discussion about automatic currency mechanisms missed the main question of which country would adjust its economic policies. "It is not difficult to recognise, even without objective indicators, that the greatest danger to the stability of the international currency system is represented by the US current account deficits," he said.

The warning of possible intervention to defend the dollar gave slight renewed heart to dollar buyers on the exchanges yesterday, but the central bank president also signalled that West German official interest rates would not be cut in the near future.

The weakness of the mark in the European Monetary System (EMS) would probably only be temporary after the recent full realignment, Mr Poehl said. "But so long as it remains, West German interest rate cuts can obviously be ruled out."

The mark has been near the bottom of the eight-currency EMS grid since the realignment on April 6, requiring the Bank of France, whose currency has been near the top, to sell francs and buy marks in a defence of newly-set relationships.

FINANCIAL TIMES

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Agency seeks wider role, says Patrick Blum

IAEA makes the most of the limelight

THE ACCIDENT at the Chernobyl nuclear power plant has placed the International Atomic Energy Agency in the limelight and brought calls for tighter international regulations to ensure that nuclear power is being used safely.

The sudden worldwide interest is not entirely unwelcome at the IAEA's Vienna headquarters. Dr Hans Blix, the director-general, believes the accident will encourage greater international co-operation on safety, and lead to an expansion in the agency's activities. "Something good may come out of a bad situation," he says.

For many of the agency's critics the accident and its immediate aftermath have demonstrated a weakness. Dr Blix rejects the criticism. The agency is what its 112 member states want it to be, he says. Established in 1957 to help promote the peaceful use of nuclear energy, it has no policing functions and provides advice and assistance only on request.

"We are not a supervisory body that can go to nuclear plants, examine and criticise them. We are not responsible for safety. That is the business of the member states. So I can see no failure (of the agency) from that point of view," he said in an interview this week.

On request, IAEA staff visit plants and give advice on improving safety. This is done mostly out of the public eye as governments are not eager to have shortcomings in their nuclear reactors broadcast to the public.

Despite this secretiveness, IAEA officials insist that they provide a valuable service and that their advice is generally heeded. "On some occasions we have suggested that a reactor or part of a facility be temporarily closed so that improvements can be made, and our recommendations have been accepted," says Dr Morris Rosen, the agency's director for nuclear safety.

The agency's other main role is to administer safeguards under the 1970 nuclear Non-Proliferation Treaty—"The world's first on-site inspection system," says Dr Blix. Some 180 inspectors visit nuclear power installations to verify that nuclear materials are not diverted for military purposes. This builds confidence, he says. "Without this verification system nuclear trade in the world would come to a halt."

The safeguards system only applies to countries willing to adhere to it. Several states with potential nuclear military capability, such as Israel, Pakistan, India and South Africa, have not signed the treaty, while states that have a military nuclear capacity are not obliged to allow inspections, although Britain, France, the US and the Soviet Union voluntarily allow some inspections.

Dr Blix believes that, despite its shortcomings, the safeguards system could provide a model for verification for nuclear disarmament.

He is concerned at the "sensationalist" reporting in Western media about Chernobyl but he admits that initial Soviet responses were inadequate. The agency only learnt of the accident two days after it had taken place. The Soviet authorities' failure to inform the agency and its neighbours about the accident and delays in implementing emergency measures were serious failures, he says.

More information is now being made available by the Soviet authorities and following an agreement made with the IAEA last week regular radiation readings from Soviet monitoring stations are now provided to the agency. The Soviet Union has also declared its readiness to establish an early warning mechanism designed to detect radiation which could affect other countries.

Dr Blix says lessons will be learnt from the disaster but he does not believe that it will be possible to establish a permanent body to control nuclear safety worldwide.

"Many people would like to see that, but any idea about an international body with wide supervisory and regulatory functions is far reaching. I don't think that governments will want to set up such an institution but they will want to go further than has been the case until now.

The declaration in Tokyo earlier this month by leaders of the seven leading industrial nations calling for an early warning system, especially when there is a danger of cross-border radiation, is favoured by many countries, including the Soviet Union, he says.

The agency's work on safety is expected to be expanded strongly in the future. In addition to establishing an early warning system, there are suggestions for extending the mechanism for emergency assistance.

The IAEA could handle a greater role, "if we are given the resources and more money," he says. The agency's budget of around $130m, including voluntary contributions, has been frozen for three years. It is not enough, says Dr Blix. "We cannot undertake a significant expansion in the field of safety without increasing our resources. In the end it is up to the governments."

Correction

The chart on Page 2 of yesterday's Financial Times stated that the highest figure measured for airborne radiation in Europe was 4.5 millisieverts in northeast Poland. This should have read 4.5 microsieverts, as the accompanying text correctly stated. It also stated 1 sievert = 0.01 rem (rad), instead of 100 rem (rad).

Austria to dismantle its only N-plant

By Patrick Blum

AUSTRIA'S only nuclear power station is to be dismantled, Chancellor Fred Sinowatz, said yesterday.

The decision ends years of uncertainty about the plant, at Zwentendorf, which was completed in 1978 but never used because a referendum in the same year decided against commissioning it.

Dr Sinowatz told Parliament: "The Government has accepted a report outlining the complete liquidation of the existing nuclear power plant at Zwentendorf . . . the problem of the use of nuclear energy in Austria can be considered as decided and closed."

Dismantling Zwentendorf was a necessary consequence of the Soviet accident at Chernobyl, he said.

Austria will also urge Bonn not to build a nuclear reprocessing plant at Wackersdorf in Bavaria. Earlier this week, the Government here said that the plant would "threaten the whole of Austria."

Despite the large scale use of hydro-power to generate electricity, as well as of coal and oil-fired plants, Austria faces regular shortages of electricity in winter, forcing it to import electricity.

The International Energy Agency has repeatedly warned Austria about its increasing dependence on energy imports from the East bloc. All natural gas imports and about a third of its oil come from the Soviet Union. Large quantities of other fuels and raw materials also come from Eastern Europe.

Chernobyl will not boost food import bill, says ambassador

BY DAVID BUCHAN

THE CHERNOBYL nuclear accident will not cause the Soviet Union to buy more food from the US or the EEC, despite cessation of all agricultural work within a 30 kilometre radius of the stricken power plant. Mr Leonid Zamyatin, the Soviet ambassador to Britain, told a news conference yesterday.

World commodity prices have risen in the wake of the nuclear accident, on expectations of higher Soviet imports. But two reports by Washington-based research organisations this week gave a mixed assessment.

Wharton Econometrics forecast a possible cut in the Soviet grain harvest by up to 20m tonnes, necessitating some imports of grain and other foodstuffs. PlanEcon estimated the losses would be mainly to milk (500,000 to 1m tonnes) and meat (under 200,000 tonnes), with few extra imports needed.

Mr Zamyatin said Chernobyl's three undamaged reactors had been "slowed down," but all similar RBMK-type reactors elsewhere were operating normally. Wharton and PlanEcon agree that diversion of coal, oil and gas to make good the Chernobyl power loss might reduce Soviet energy exports later this year by 100,000 barrels of oil (or oil equivalent) a day.

The direct cost of the accident would range between Roubles 1.95bn (£1bn) and Roubles 3.1bn, equivalent to 0.25-0.39 per cent of Soviet national product, according to PlanEcon estimates.

EEC fails to agree safe radioactivity levels in food

BY QUENTIN PEEL IN BRUSSELS

NATIONAL EXPERTS from EEC member states have given up the struggle to agree common safety levels for radioactive traces in food.

Ten days of discussions to agree common standards, and thereby avoid disruption of internal trade, failed to reach a conclusion on Wednesday night. The experts decided, however, that contamination had decreased markedly in most areas of the Community, and that "all food allowed on the market can be considered safe,"

The exceptions to the rule where contamination is still being recorded include mountainous areas of Bavaria, northern Italy, and some regions of eastern France.

The failure was due mainly to a rift between Italy and West Germany, the former concerned to protect its vegetable exports like lettuces, the latter its dairy exports. It came just before the European Parliament agreed in an emergency debate to urge the adoption of common standards, and called on member states to seek compensation from the Soviet Union for those affected by radiation

Commission officials said the disruption of internal trade had largely ceased, particularly at the Italian frontier where a demand for special health certificates for food imports from other member states has now been dropped.

Moscow still ready for Geneva follow-up

By Robert Mauthner, Diplomatic Correspondent

MR LEONID ZAMYATIN, the new Soviet ambassador to London, said yesterday that the proposal made on Wednesday by Mr Mikhail Gorbachev for a special US-Soviet summit on ending nuclear tests did not exclude a subsequent summit on more general subjects.

At his first news conference since assuming his post two weeks ago, Mr Zamyatin said that Moscow was quite ready to fulfil the agreements made by President Ronald Reagan and Mr Gorbachev at their Geneva meeting last November. That included another summit meeting.

He did not suggest, however, any date for the main US-Soviet summit, which Washington has said cannot be held before the November mid-term elections in the US.

Mr Zamyatin underlined once again the Soviet position that the second meeting between Mr Reagan and Mr Gorbachev should not be just another "getting acquainted" session, but should lead to specific agreements, particularly on halting the nuclear arms race.

Explaining Mr Gorbachev's proposal for a separate early summit on a nuclear tests moratorium, Mr Zamyatin said that the Chernobyl disaster had underlined the inherent dangers involved in the use of nuclear energy.

"What happened at Chernobyl strengthened our conviction that the course taken by us was the only correct one to follow — ridding our planet of nuclear weapons, safe utilisation of nuclear energy for peaceful, constructive purposes only, and a call for international co-operation."

Mr Zamyatin went out of his way to thank Britain for the protective suits it had sent to the Soviet Union

ECC STEEL PRODUCTION QUOTAS

By quarter, '000 tonnes

	2/1986	1/1986	4/1985	3/1985
Hot-rolled coil	4,065	3,827	4,115	4,111
Uncoated sheet	3,372	3,276	3,332	3,442
Galvanised sheet	878	877	866	877
Other coated sheet	*	*	785	759
Quarto plate	1,286	1,333	1,311	1,277
Heavy sections	1,139	1,149	1,108	1,062
Wire rod	2,468	2,517	2,595	2,570
Reinforcing bars	*	*	1,922	1,737
Merchant bars	2,165	2,127	2,127	2,167

* Freed from quota controls on January 1, 1986.

Commission sets tight steel production quotas

BY PAUL CHEESERIGHT IN BRUSSELS

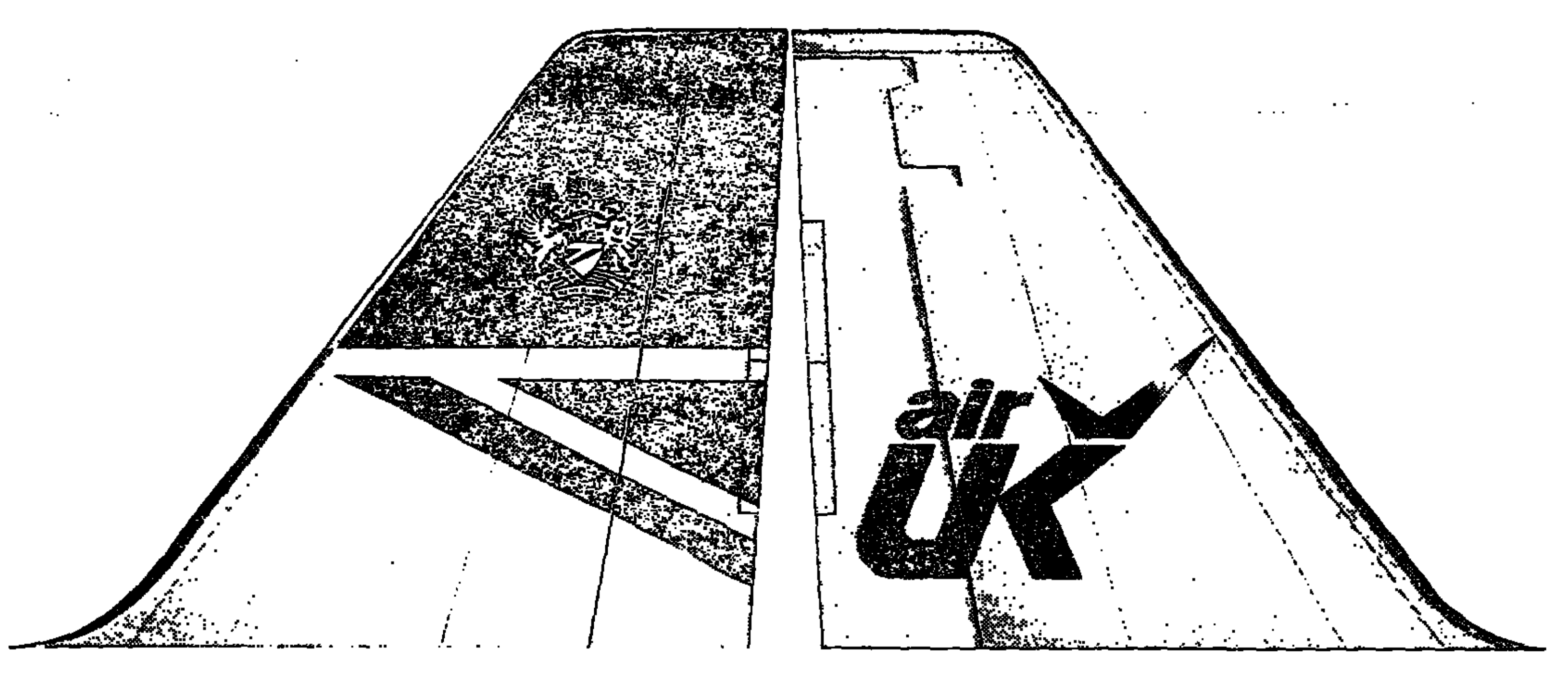
TIGHT PRODUCTION quotas for European Community steelmakers, announced yesterday, reflect the aim of trying to hold prices up in the face of modest demand. But reports from the market suggest that supply and demand latterly have been broadly in balance.

The quotas, published by the European Commission which supervises controls on the industry in the Community, have also been affected by the downturn in export demand, not only because of the restrictions on the US market but also because of diminishing demand on the Soviet and Far East markets.

However, quotas set at this stage are only indicative and can be changed to reflect switches in market conditions or the winning of orders on foreign markets.

To some extent they have been affected by the removal from the system of other coated sheet and wire rods, the first steps taken by the Community to liberalise a system brought in to protect steelmakers as they restructured.

Galvanised sheet and wire rod quotas have been held down partly because they are competitive products with respectively other coated sheet and wire rod. But the system has been changed to allow the producers greater flexibility. The Commission explained yesterday that the producers are now being permitted to go 10 per cent above their individual production ceilings, but the rise in output for any one product cannot be above 25 per cent.



WORLD TRADE NEWS

Britain hails investment pact with China

BY COLINA MACDOUGALL AND CHRISTIAN TYLER

BRITAIN yesterday signed a mutual investment protection agreement with China which officials in London claimed is the most comprehensive of any Peking has yet concluded with its trade partners.

Sir Geoffrey Howe, Britain's Foreign Secretary and Zheng Tuobin, China's Trade Minister, also time signed a £300m soft loan agreement which is intended to finance at the outset at least four major projects for which British companies are bidding.

The investment agreement, which was welcomed by British industry, is meant to encourage companies to raise their level of investment in China—very low compared to that of other Western countries and Japan.

The only big British equity joint venture in China outside the offshore oil sector is Pilkington's float glass plant being built on the outskirts of Shanghai. A number of other companies are prospecting, including British Oxygen, which has been negotiating to run a plant, also in Shanghai.

One of the main points of interest for UK companies which have been deterred by the arbitrary nature of Chinese law, is that the repatriation of capital, profits and fees is said to be guaranteed.

In the case of balance-of-payments difficulties, either country can delay remittances for up to five years, but must pay a proportion of the total due each year.

However, there is no explicit guarantee that earnings in Chinese currency (renminbi) can be converted into foreign exchange.

The authorities normally only allow foreign investors to remit earnings made by exporting from China.

Yesterday's agreement also requires speedy and full compensation if the investment is nationalised. An independent tribunal would value the assets.

Disputes would ultimately be settled by international arbitration, seen by British officials as an important safeguard.

Losses caused by war, revolution or riots will be compensated for.

The agreement covers all forms of investment, including patents, trademarks, copyright and other kinds of so-called intellectual property rights.

It came into force yesterday and runs for ten years initially.

Zheng Tuobin and Sir Geoffrey Howe—shaking hands after signing two major agreements

It would then run indefinitely unless terminated by either side.

China has 14 other investment promotion and protection agreements with western countries, including UK competitors such as West Germany, France and Italy. But the US, China's leading foreign investor after Hong Kong, has yet to reach agreement, despite protracted negotiations.

The soft loan, Britain's first under a new system, will cost about £90m from the aid budget over 20 years if the whole £300m line of concessionary credit is used. The China loan represents three-fifths of the UK's soft loan programme.

If the four first projects in China materialise, more than half of the £300m credit will have been spoken for. The projects are: Yueyang power station in Hunan province (Balfour Beatty and NEI); telecommunications equipment for Shanghai (Standard Telephones and Cables); a tube mill for Daye steelworks, Hubei, (Davy McKee); and technology for Luoyang tractor factory, Henan (Lucas CAV).

China will receive the loan at 5 per cent interest, with repayments over 20 years and a five-year grace period on the principal.

Boeing wins $750m Peking order

By Robert Thomson in Peking

CHINA HAS agreed to purchase ten passenger jets—four Boeing 747-200s, four Boeing 787-200s and two Airbus A310-300s—at a cost of $850m, according to the Civil Aviation Administration of China, the national carrier.

The deals are a victory for Boeing, which has been battling at the top end of the market with Airbus and McDonnell Douglas.

Boeing said the eight jets cost $620m, but the contract, which was finalised in March, includes spares and training and is worth $750m. The planes are due to be delivered between February 1987 and March 1990.

CAAC says the Airbus contract, signed last week, is worth $100m, and the planes will be delivered in the third quarter of next year to the Shanghai branch of CAAC, which already has three Airbus A310s.

The Chinese Airline is in the midst of a major expansion of its fleet, and foreign manufacturers have estimated that up to 200 aircraft could be sold to CAAC in the next few years. CAAC has greatly expanded its network in recent years.

Washington and Tokyo re-open suspended semiconductor talks

BY LOUISE KEHOE IN SAN FRANCISCO AND CARLA RAPOPORT IN TOKYO

THE long-running US-Japan talks on semiconducter trade will reopen in Washington today.

The talks, conducted at the vice-ministerial level, will attempt to establish the cost of producing semiconductor chips in Japan in order to determine a fair pricing system for Japanese chips in the US.

US semiconductor producers claim that Japanese manufacturers are dumping several kinds of chips in the US market and are pressing for the imposition of more anti-dumping duties.

US and Japanese negotiators, however, are seeking a new pricing scheme for chips as well as improved access for US chip makers in the Japanese market.

The bilateral talks held today will continue next week when the topic will include market access and dumping.

An official from the Ministry for International Trade and Industry (Miti) said yesterday the Japanese side was hoping for a break-through in the eight-month long chip talks.

Miti also stressed the results of the talks would be passed on to EEC officials who are concerned that the US and Japan might set up some kind of semiconductor cartel.

The talks mark the seventh time the two sides have met at vice-ministerial level and the 11th session so far.

Yeutter—still hoping for a way forward

Negotiations were suspended on March 28 by Mr Clayton Yeutter, US Trade Representative, who charged Japanese negotiators with "intransigence." US industry advisors close to the negotiations have said that talks would not reopen until the Japanese modified their position or came up with a new proposal.

US officials say Miti has proposed a system that would ensure US manufacturers a share of the purchases made by Japan's largest electronics companies. But the US is seeking broader access.

On dumping, the US has previously proposed a "global price and production cost monitoring system" that would track all Japanese semiconductor sales and ensure that prices remained at "fair value."

Until recently, Japanese negotiators rejected this proposal in favour of a "floor price" mechanism on certain types of semiconductor products.

According to semiconductor industry analysts, the US proposal was unacceptable to NEC and Hitachi, two of Japan's largest semiconductor makers, both of which have production facilities in the US.

US officials say Miti has "floated a trial balloon," proposing a system that closely resembles the US plan for a global monitoring system. Miti is now suggesting a system that would measure demand and supply of key semiconductor products and curb overproduction in Japan. Floor prices would be set by Miti in Japan.

The proposal, they say, also calls for the US and Japan to establish a "uniform minimum price system to prevent circuitous exports to the US or elsewhere through third countries."

The US Trade Representative faces a deadline of July 11—12 months after the US semiconductor industry complaint was originally filed.

US prepares to act in Brazil computer row

BY ANN CHARTERS IN SAO PAULO AND NANCY DUNNE IN WASHINGTON

A TRADE dispute between the US and Brazil over Brazil's protection of its microcomputer market is threatening to strain the cordial relations between the two countries.

The White House Economic Policy Council appears to have lost patience with the progress of the market opening talks and ordered a trade working group to come up with a list of candidates for retaliation by June 25.

There is said to be unanimity in the Administration for action against Brazil. The US industry says Brazilian trade restrictions on computers and related technology cost them $1.5bn between 1980 and 1984.

Mr Roberto de Abreu Sodre, Brazilian foreign minister, has held out the possibility of joint ventures with US corporations, but the American industry has complained that Brazil is blocking foreign investment.

The US claims Brazil is indulging in unfair trade practices with regard to its market reserves for domestic companies in the growing field of personal computers, peripherals, software and data processing services.

Mr George Shultz, US Secretary of State, and Mr Sodre, Brazil's Foreign Minister, have agreed to discuss the issue, but no date has been set despite a June 1 deadline for US action. The US has asked Brazil to be more flexible in its interpretation of the law granting the reserves.

Brazilian market reserves were put into effect under the so-called "Informatica" law which gives exclusive access to domestic companies for eight years. The law has six-and-a-half years to run.

The SEI, the Brazilian Government agency responsible for approving investments and projects under the law, puts the domestic market for microcomputers and software, not including telecommunications, at close to $2.3bn in 1985.

Foreign businessmen and government officials contend that the law would more aptly be called an electronics law. This is because it has been applied mainly to control the manufacturing and import of a wide range of equipment using electronic components from robots to industrial process control systems, medical equipment and computers.

The US is Brazil's first ranking trading partner. According to Cacex, Brazil's foreign trade agency, the US market absorbed Brazilian exports worth $8.1bn in 1985. US exports to Brazil totalled $3.1bn.

Brazil's exports to the US, including shoes, aircraft, orange juice, steel, textiles and alcohol, are being reviewed by US trade officials as part of the pending 301 trade action.

In Brazil, the "informatica" law and market reserves have been couched in terms of national security which has made public debate difficult.

Swiss record for tourism

FOREIGN visitors spent a record sum of over SFr 10.1bn (£3.6bn) in Switzerland last year, according to figures released by the Government in Berne, reports **John Wicks** from Zurich.

This was 5.5 per cent higher than the total for 1984 and reflected both an overall increase in the number of foreign tourists and a rise in average expenditure. Hotel income is reported to have gone up by some 8 per cent and that of other forms of accommodation by 5.5 per cent over the year.

Dunkel to stay as Gatt chief

MR ARTHUR DUNKEL'S appointment as director-general of the General Agreement on Tariffs and Trade, the Geneva-based world trade organisation, will be extended for three years from the end of September, the Gatt council decided yesterday, writes **William Dullforce** in Geneva.

Mr Dunkel, 53, has held the post since 1980. He was preceded by another Swiss, Mr Olivier Long, who was director-general for 12 years from 1968.

There was no opposition to his re-appointment

Ericsson awarded $100m US Army radio order

BY PAUL TAYLOR IN NEW YORK

ERICSSON, the Swedish telecommunications equipment group, said yesterday its radio systems subsidiary had won an order valued at over $100m to supply more than 2,000 digital microwave radios to the US Army.

The Swedish group said the contract was awarded by GTE's tactical systems division. The contract is part of the $4.3bn mobile subscriber equipment (MSE) contract which GTE and its European partner, Thomson-CSF of France, won late last year after a fierce battle with a rival consortium led by Rockwell International and Plessey of the UK.

The MSE contract, dubbed the Pentagon's largest ever foreign military contract, will provide mobile tactical communications equipment to the US Army enabling operators to transmit and receive messages virtually anywhere in the world.

The multibillion-dollar contract calls eventually for the GTE consortium to deliver more than 8,000 mobile radios, 1,400 switching centres and 25,000 telephones over an eight year period.

Ericsson said its sub-contract was won against other bidders and will result in calls for delivery of the digital microwave radios over the next six years.

David Marsh from Paris adds: SNECMA, the French state controlled aeroengine group, has won a half share in a $461m order received from the Pentagon to remotorise the US Air Force's KC-135 Boeing transport aircraft.

The order was awarded to CFM International which is a joint venture between General Electric and Snecma.

The companies will be building 188 F-108 engines to equip 43 KC-135 transporters and four C-135F aircraft owned by the French air force.

The order is the latest in a long line of remotorisation contracts for the CFM grouping, taking the total number of motors being produced for the US and French programmes to 691.

AMERICAN NEWS

Cool US welcome for Soviet arms proposal

By Reginald Dale, US Editor, in Washington

THE Soviet Union yesterday introduced a draft treaty limiting intermediate-range nuclear missiles at the Geneva arms talks, but at first sight it appeared to contain little new, the White House said.

Mr Larry Speakes, the White House spokesman, nevertheless said that it was "helpful" that Moscow had presented the proposal without the usual propaganda fanfare. "We hope this would indicate that the Soviets are becoming serious" about it, he said.

The White House released no details of the Soviet proposal, saying that it appeared to be "a more formal codification of previous Soviet statements."

It was understood, however, that the Soviet document did not meet US demands for limits on intermediate range missiles in Asia as well as in Europe. It was also said to repeat Moscow's earlier insistence that the British and French strategic nuclear arsenals be frozen as part of an agreement on the intermediate range forces—the US cruise and Pershing 2 and the Soviet SS-20—a stipulation that Washington, as well as the UK and France, has rejected.

US officials have long believed that the intermediate range missiles provide the best chance for a breakthrough on arms control.

At their first summit in Geneva last November, President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, agreed to try to reach an interim agreement limiting the missiles, which Mr Reagan would ultimately like to see banned altogether.

The White House meanwhile welcomed Mr Gorbachev's call for better international co-operation on nuclear safety in the wake of the Chernobyl accident. It added, however, that the US was "distressed" that Mr Gorbachev had accompanied the call, in his Wednesday night television broadcast, with accusations that the US and other Western governments had tried to make political capital out of the accident.

Terry Dodsworth assesses a finance committee proposal attracting moderate corporate sector enthusiasm

Industrialists applaud Senate tax reform plan

FOR the past year, US industry has had very few positive things to say about tax reform. Most businessmen believe that uncertainties over future tax provisions are cramping investment and expansion plans and they are well aware that any change is likely to increase the overall Treasury take from the corporate sector.

In this unpromising climate of opinion, Senator Bob Packwood and his team on the Senate finance committee have magically produced a package that is attracting at least moderate enthusiasm from the corporate sector.

Mr Roger Smith, General Motors' aggressively outspoken chairman, has set the general tone of much of manufacturing industry, saying that the finance committee deserves applause all round. "While important details have not yet been clarified," he said, "they have come up with a package that looks like true tax reform. It has momentum and should move through the Senate and into conference as quickly as possible."

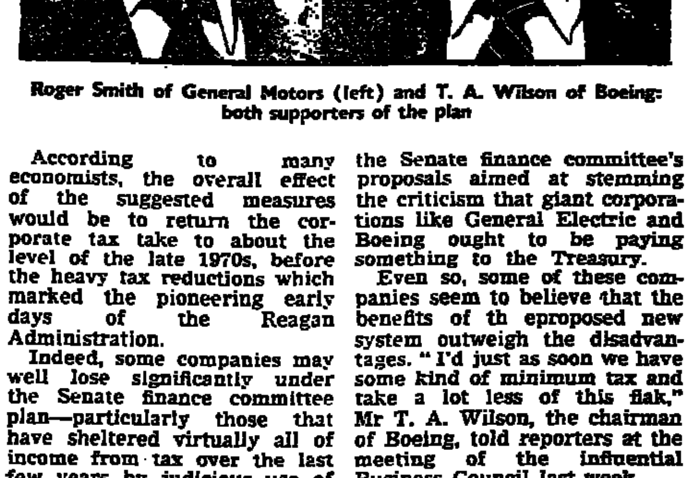
The basic feature of the Senate plan, which is expected to raise the tax from business by about $108bn (£70bn) over five years, is to bring in a minimum company tax of 28 per cent and a top corporate rate of 33 per cent. These would replace the present system of a 46 per cent top rate which is so riddled with concessions that some companies have been able to shelter all of their federal taxable income from the Treasury over the last few years, while virtually every company pays well under the limit.

In addition, the Senate project would continue to allow accelerated depreciation on equipment—a big plus with the manufacturing sector—while reducing the depreciation allowance for property. It would repeal the investment tax credit for expenditure on capital equipment of betwen 6 and 10 per cent, and would raise the tax on long-term capital gains *to 27 per cent from 20 per cent.*

The rate on short-term capital gains on investments held for less than six months, however, would be cut radically from 50 per cent to 27 per cent.

Underlying the corporate reaction is the feeling that the Senate finance committee's proposals constitute a better option than the alternative proposals from the House of Representatives. If there has to be a bill, industrialists are suggesting, it would be better to follow the Senate track than the House's. At the same time, companies feel that, now there are acceptable proposals on the table, it would be healthier to remove uncertainty by pushing them through as rapidly as possible.

This attitude, of course, is not universal. Some companies will continue to oppose the Senate finance version because they see it, like the House proposals, as essentially a tax increase



Roger Smith of General Motors (left) and T. A. Wilson of Boeing: both supporters of the plan

According to many economists, the overall effect of the suggested measures would be to return the corporate tax take to about the level of the late 1970s, before the heavy tax reductions which marked the pioneering early days of the Reagan Administration.

Indeed, some companies may well lose significantly under the Senate finance committee plan—particularly those that have sheltered virtually all of income from tax over the last few years by judicious use of investment tax credit allowances and higher depreciation schedules. These companies would have to pay a minimum tax of 20 per cent on their earnings under the provision in the Senate finance committee's proposals aimed at stemming the criticism that giant corporations like General Electric and Boeing ought to be paying something to the Treasury.

Even so, some of these companies seem to believe that the benefits of th eproposed new system outweigh the disadvantages. "I'd just as soon we have some kind of minimum tax and take a lot less of this flak," Mr T. A. Wilson, the chairman of Boeing, told reporters at the meeting of the influential Business Council last week.

Other top businessmen have given strong support to the Senate committee's aim of producing a tax regime which does not subsidise specific sectors at the expense of others. They also argue that, while the proposals have some negative aspects, the overall impact of the proposed measures should be to stimulate the economy—and therefore help industry—through putting more spending power in the pockets of the American public.

High technology industries are also looking favourably on the Senate's plans. Because their investments tend to be lighter than those in traditional manufacturing, with expenditure heavily concentrated on the cerebral business of research and development, they have not benefited as much as heavy manufacturing from the 1981 measures. But under the Senate programme, they would be able to keep their valuable research allowances, while their overall taxes should come down because of the lower corporate rates.

Among the suggested changes causing the most anxiety is the plan to increase capital gains tax from 20 per cent to 27 per cent. This is causing a great deal of questioning in the venture capital community, which has had a field day since the capital gains rate was reduced from 28 per cent in 1981. Since then, funds have flooded into start-up businesses, rising from well under $1bn (£649m) a year in 1980 to more than $4bn in 1983 and 1984 and holding up at $3bn last year.

Many venture capitalists attribute the extraordinary surge in entrepreneurial activity in the US over the past five years to the change in the capital gains tax. Some are worried that this enthusiasm would drain away under the Senate plans.

Compared with the present corporate tax regime, the smokestack industries may also be losers under the Senate finance plans. Both the investment tax credit and accelerated depreciation allowances are big pluses for these sort of companies. Yet, while they would lose the investment tax credit, the Senate committee would give even more generous depreciation allowances—and it has to be remembered that these companies need to have profits against which to offset the allowances, a position that most of the steel companies have not been in for several years.

Finally, the real estate business stands to be a heavy loser under the Senate finance proposals, partly because depreciation schedules are being made less generous for property and partly due to the elimination of tax shelters which had encouraged wealthy individuals to invest in property. But there are unlikely to be many tears shed in industry about potential problems in real estate, whose investments are frequently regarded by manufacturers as a drain on the productive resources of the country.

Mexico defends record on capital flight

By David Gardner in Mexico City

THE Bank of Mexico yesterday moved to defend the record of President Miguel de la Madrid's Government in curbing capital flight.

In a strongly worded attack on Morgan Guaranty, the US money centre bank which claimed recently that $17bn (£11bn) left the country between the end of 1982 and September last year, the bank said its own figures suggested a net outflow of just $1.8bn.

The Morgan estimates came in a study published last month which concluded that capital flight was one of the main causes for the ballooning of Mexico's foreign debt to its current level of $97bn. Without it the debt would be only $12bn, Morgan said.

In its rejoinder, published in the form of a rare statement on the issue yesterday, the Bank of Mexico said Morgan's figures were exaggerated and "arrived at through the wrong statistics and a questionable methodology."

Publication of Morgan's study did little to help deal with capital flight, "a very complex problem which undoubtedly reached serious proportions in the past."

Both Mr Miguel Mancera, central bank president, and Mr Jesus Silva Herzog, Finance Minister, have been extremely sensitive to suggestions from abroad that Mexico has been unable to curb capital flight.

This is frequently used as an excuse by creditors for refusing to provide fresh loans the country needs to help it through the financial squeeze caused by the fall in oil prices.

Age proves no barrier in Dominican Republic poll

BY ROBERT GRAHAM IN SANTO DOMINGO

ANY ASPIRING gerontocracy should take heart from the presidential and parliamentary elections in the Dominican Republic where two politicians, close to being octagenarians, have proved that age is no barrier to political ambition or popular enthusiasm.

As the campaign wound up before voting today, Mr Joaquin Balaguer, the 78-year-old leader of the right wing Reformist Party (PRSC) and Mr Juan Bosch, the 76-year-old founder and leader of the leftist Dominican Liberation Party (PLD) were both claiming to have pulled larger crowds than their principal rivals.

However, Mr Jacobo Majluta, aged 52, the candidate of the ruling centrist Dominican Revolutionary Party (PRD) is still the front runner.

His chances were reinforced when Mr Balaguer conceded that he had gone blind, a fact which his opponents knew but had not exploited until this week.

The race is unusually open and the uncertainty of the outcome and the high profile of the candidates has brought people onto the streets in a way never before witnessed by the Caribbean's largest democracy.

Despite a persistent fear of violence, incidents have been limited. The worst was a shootout near the capital Santo Domingo last week, in which two people were killed.

A whiff of fraud hangs over the electoral roll, with opposition politicians wondering how half the young pepulation of 6m could be over the voting age of 18.

For the first time since the US sent in marines 31 years ago, Washington is standing aloof from the electoral process, though it would clearly prefer either Mr Balaguer or Mr Majluta to win.

The powerful business community and the military also apparently do not mind which of these two is elected but Mr Bosch, who is relying on the working class vote in this country with 30 per cent unemployed, is viewed rather differently.

The outgoing Administration of President Salvador Jorge Blanco has executed a model stabilisation programme to cope with the republic's $3.4bn (£2.2bn) foreign debt. For this reason, economic issues, though still dominant in the candidates' manifestos, have figured very little in campaign propaganda, which has focused on the personalities of the candidates themselves.

Mr Majluta has the freshest appeal and is least encumbered by controversy. His main disadvantage is the public mood for a change of administration. For the PRD has been in power for eight years and is accused of establishing too much patronage. "A rich country poorly administered" is a Balaguer slogan.

The attraction of Mr Balaguer is less personal than symbolic. He represents a change of administration. He has also procured an energetic vice president, Mr Carlos Morales Troncoso, who has been manager of La Romana, the huge sugar and tourist empire formerly owned by Gulf and Western. The presence of Mr Morales helps Mr Balaguer live down the fact of his blindness. Since this was admitted Mr Balaguer's opponents have said if he cannot read, he cannot sign documents and is therefore unfit to govern.

Mr Bosch's age has not been an issue but he is attacked for being an atheist in this profoundly Christian country. Although he is unlikely to win, Mr Bosch has found a strong constituency which at least will give him a powerful voice in opposition.

PaineWebber fined $28.2m

PAINEWEBBER, the US securities firm, and one of its gold traders, have been ordered to pay $28.2m (£18.3m) to a Catholic charitable foundation in Milwaukee after a judgment against them for trading abuses in the gold commodity markets, Terry Dodsworth writes from New York.

Painewebber has refused to comment on the award.

According to the plaintiffs, the brokerage firm and Mr Paul Sarnoff, one of its vice presidents, lost $8m of the funds of the De Rance Foundation over a six-month period ending in December 1984. The court set actual damages at $7.7m, but Painewebber was assessed for an additional $20m in punitive damages, and Mr Sarnoff for $500,000 in punitive damages.

US output up 0.2%

US INDUSTRIAL production rose 0.2 per cent in April after a revised 0.7 per cent drop in March and was 0.8 per cent above its level of a year ago, Reuter reports from Washington.

The April increase left the index of total output of factories, mines and utilities at 125.1 of its 1977 base of 100, the Federal Reserve Board said.

The April increase in output was concentrated in motor vehicles, which rebounded from a March decline.

OVERSEAS NEWS

ANC set to reject peace initiative for South Africa

BY PATTI WALDMEIR IN LUSAKA

PROSPECTS for early negotiations between the South African Government and the African National Congress (ANC) looked dim last night as top ANC officials met in Lusaka to consider a proposed Commonwealth initiative to bring the two sides together in peace talks.

After two days of talks at its headquarters in Lusaka, the ANC's national executive committee, its ruling body, appeared likely to reject the initiative, which would require the ANC to abandon its guerrilla war against Pretoria in exchange for the release of imprisoned leader, Mr Nelson Mandela, and the legislation of the organisation in South Africa.

The so-called Commonwealth "eminent persons group" (EPG) currently in South Africa for talks with President P. W. Botha and Mr Mandela, is expected to vist the Zambian capital within days to put its proposals for a truce to the ANC. *Although ANC officials* stress that they have not yet received any direct proposals from the Commonwealth group, they are understood to have detailed information on the peace plan now under discussion between the EPG and Pretoria.

The EPG—headed jointly by Mr Malcolm Fraser, former Australian Prime Minister, and General Olusegun Oba Obasanjo—is due to present a "progress report" on South Africa to the Commonwealth next month. The purpose of the report is to guide the Commonwealth leaders in determining whether to impose economic sanctions against Pretoria.

ANC officials say privately that the executive committee is overwhelmingly opposed to an immediate ceasefire and the opening of negotiations, both because of their deep suspicions about President Botha's motives in apparently supporting such a plan, and because of concern that the move might jeopardise the ANC's support among radical blacks in the Republic's riot-torn townships where the declaration of a truce might be seen as capitulation to the regime.

"We must be convinced that President Botha has accepted *the principle of the transfer of* power to the majority in South Africa before we can consider a ceasefire and the initiation of talks," said one top ANC official. "The bottom line is that we do not believe that he has yet accepted this principle. And if he hasn't, then what are we being asked to negotiate?"

Botha is determined to move ahead with reform

SOUTH AFRICA'S President P. W. Botha said yesterday his Government was determined to move ahead with reform and would seek approval from voters through elections or referendums, **AP reports from Johannesburg.**

In an apparent reference to black rioters, Mr Botha threatened those who resorted to violence for political aims that "the full might of the state ... has not even remotely been fully employed."

Mr Botha's televised speech to the President's Council, an advisory body to parliament in Cape Town, broke no new ground in spelling out how Pretoria planned to move forward on its pledge to share power with the voteless black majority.

He said reform must be a process of negotiation with all sides, and "I am constrained to decline requests about the end product precisely because it must be a product of negotiation."

Mr Botha said reforms would be taken through parliament, according to the constitution, and not through any other forum. "This includes the possibility of general elections or a referendum, in the case of drastic deviation from already accepted policies."

The Government has repeatedly stressed that the rights of the white minority of nearly 5m must be protected in any system of power-sharing with the black majority of 24m.

US, French hostages threatened in Lebanon

By Nora Boustany in Beirut

THE clandestine "Islamic Jihad" organisation yesterday threatened that US and French hostages it is holding would be the first to pay the price for any pressure exerted against Syria for their release by Paris, Washington or other Arab countries.

An anonymous caller, claiming to speak on behalf of the secretive group, warned in a telephone statement to an international news agency here that if pressure against Syria's President Hafez al-Assad persisted, "we will resort to our destructive method."

Without elaborating, he also said the number of French hostages the group is holding has decreased because "we have liquidated a number of them."

In March, Islamic Jihad announced the execution of a French sociologist, Mr Michel Seurat.

In addition, the Islamic Jihad said last October that it had "executed" Mr William Buckley, a US embassy official suspected of being a member of the Central Intelligence Agency, in retaliation for alleged American complicity in the Israeli air strike on the Tunis headquarters of the Palestine Liberation Organisation.

Their bodies have never been found. But, if the claims are correct, that would leave four American and three French hostages alive.

Our Foreign Staff writes: Islamic Jihad is generally regarded as being an extremist fringe group affiliated with Hezbollah, the militant Iranian-backed Shi'ite organisation.

Troika for Kabul

THE Afghan Communist Party chief, Gen Najibullah, yesterday announced a collective leadership, which includes him, President Babrak Karmal and Prime Minister Sultan Ali Kishtmand, Reuter reports from Islamabad. Gen Najibullah replaced Mr Karmal as party leader last week.

Editorial Comment, Page 22

Junejo aims to amend Pakistan election law

BY JOHN ELLIOTT IN ISLAMABAD

Mr Junejo: asserting his authority

THE PAKISTAN Government is taking controversial steps to try to strengthen its base in the country's parliament. It wants to be able more effectively to resist calls for early general elections being issued for the past month by Miss Benazir Bhutto, daughter of the late President Zulfikar Ali Bhutto, and leader of the Pakistan People's Party.

A parliamentary ordinance has been issued cancelling election laws which might have forced Mr Mohammed Khan Junejo, the Prime Minister, and up to 170 of his party members in the National Assembly, to face early by-elections.

Mr Junejo's ruling Moslem League Party is also considering this weekend whether to try to dismiss the speaker of the Assembly, Mr Fakhar Imam, and independent member who has annoyed the Government on a number of occasions.

In an interview yesterday Mr Junejo attempted to dismiss the ordinance, which is causing considerable political controversy, as a "very small thing of no relevance."

But his action, taken suddenly this week to avoid an immediate challenge in the Assembly which is now in recess, may be challenged in the Supreme Court and could lead to a major constitutional row.

Mr Junejo and his fellow party members broke disqualification clauses in the election laws by joining their new Moslem League Party and by becoming its officers in January *before the party was legally registered.* Mr Imam annoyed the Government as speaker by admitting parliamentary references on this issue and this week the ordinance has removed the clauses from the law with immediate effect subject to confirmation by the Election Commissioner and Assembly.

Mr Junejo became Prime Minister last year and has been asserting his authority as the country's "chief executive" over President Zia ul-Haq, the former martial law administrator who ended martial rule on January 1. The two men are reputed to have had major differences. But the issuing of the oridance, initiated by Mr Junejo and issued by the President, indicates that they have decided to come together to avoid any risk of by-elections which would have enabled Miss Bhutto's party sharply to increase its political activities.

But the *oridance may also* strengthen the relative power of President Zia over Mr Junejo because the Prime Minister may have the threat of possible Supreme Court judgment against him hanging over his head.

In yesterday's interview Mr Junejo repeatedly asserted his authority as "chief executive" and insisted that the army had no rôle in running the country, even though President Zia has maintained the role of chief of army staff.

"It is my Government and the generals have nothing to do with it." He also firmly rejected Miss Bhutto's calls for elections in advance of the due date of 1990 and said that his Government was "quite capable" of handling any disturbances she might create without calling on the army or reintroducing martial law.

Mr Junejo expects to visit the US in the autumn when he will discuss US policy over Afghanistan and the aid it provides to Pakistan. Yesterday Mr Junejo agreed with a suggestion that in the current Geneva talks Pakistan wants Russian troops withdrawn from Afghanistan within "three to six months"

John Elliott, South Asia Correspondent, reports on rivalry in the business elite

Indian magnates fall out over trade body

A FEW years ago Mr Sudarshan K. Birla, a prominent member of India's leading business family, invited to tea the president of the Laundry Association of Amritsar, a tiny trade organisation in a Punjab city now made famous as the centre of Sikh extremism.

The subject of discussion was not the Sikhs, nor even the substantial laundry business done for Mr Birla's Amritsar woollen mills.

Instead Mr Birla persuaded the laundry association to join several other small trade groups around the country and become one of his "bogus" or "controlled" members in the Federation of Indian Chambers of Commerce and Industry (Ficci), India's main body representing trade and industry. He and his friends wanted to control the federation and were contesting with a rival group to see who could gather the most members.

Resigned

Five years later, these internal political manoeuvrings have erupted into a major row and several leading companies with international reputations have resigned from the federation, potentially weakening its representative role at home and abroad.

The row has also split India's leading Marwaris — a business community which originated in Rajasthan and which dominates many sectors of industry—into those who support the far-flung Birla family and those who do not. Birla companies rival the Tata industrial empire as the largest group in India and have assets and turnover both exceeding $3bn.

Mr S. K. Birla, aged 51, runs one of the smaller parts of the family empire with interests in cement and textiles, and a turnover he estimates at $600m a year. He is the main representative of the family in Ficci affairs where he teams up with another well-known Marwaris, the Modis of Delhi and Uttar Pradesh, to form the "Birla-Modi Group."

His rivals, linked with the Indian Merchants Chamber of Bombay are also Marwaris. They are the Delhi-based J. K. group run by Mr Hari Shankar Singhania, which is the country's third largest business house and operates in many industries with a turnover exceeding $1.2bn, and the Bennet Colman group, run by the Jain family whose industrial assets have dwindled in recent years but include the Times of India and the Economic Times, two of the country's main newspapers.

The battle, in the words of Mr Sudarshan Birla who is known as SK in a family generally distinguished by their initials, is all about "ego."

"It's a question of who wields power and has prestige and it straddles family and marriage links and friendships" says another industrialist.

Debate

"No-one has ever suggested there is any issue of policy in Ficci involved. No Ficci policy has ever figured in the debates and rows," says an experienced observer.

Ficci is an important power base because, with about 1,200 company members and about 400 genuine association members, it is recognised as India's main business organisation. It has a staff of 150, large offices in the heart of Delhi which are now being re-modelled, and links with 34 foreign countries through joint business councils.

It was set up after India's independence by Indian companies which wanted to establish their own independence from another organisation dominated by British-based companies, the Associated Chamber of Commerce and Industry which now ranks second after Ficci. A third organisation, the Association of Indian Engineering Industries, is beginning to rival these two.

The row in Ficci blew up in the late 1970s when the Indian Merchants Chamber is said to have started recruiting the controlled and sometimes entirely bogus members. The Birla-Modi group and then the Singhania-Jain responded. Ficci's total number of associations shot up from less than 500 to 1,600 between 1982 and 1985, boosting the Federation's membership dues of Rs 10m (£590,000), by Rs 1.2m (£70,000), presumably paid by the warring groups.

Mr R. P. Goenka, a leading Marwari industrialist and this year's Ficci president, who is regarded as an independent with leanings towards the Birla-Modi group, promised to try to solve the problem last year. About 950 of the bogus and controlled members were then persuaded to resign, but there is a dispute over the remainder. The Birla-Modi group say those left are equally split between the two factions, and the Singhania-Jain group say they are virtually all Birla-Modi supporters.

The issue finally blew up last month when attempts at consensus within Ficci on senior posts led to a deadlock over who should be made president next year of the India National Committee of the International Chamber of Commerce. The rivals are Mr S. K. Birla and Mr Singhania. Both want the usually uncoveted job because of the immense prestige and business opportunities which will flow from being the host along with Mr Goenka of the International Chamber's massive three-yearly convention in Delhi next February.

Issue

Enraged by the dispute over this job, and using the continuing "controlled" members dispute as the primary issue, many of India's leading companies have resigned.

"Reputable businesses don't resign just because Singhania doesn't become president, but on deeper issues. It has become obvious to all of us that consensus will only work in Ficci when it suits the Birla-Modi group," says Mr Ashok Jain.

The future of Ficci now depends on whether the "egos" and power broking lead to more resignations and even the creation of a new representative body.

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Two BL chiefs may leave as Day takes over

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR RAY HORROCKS and Mr David Andrews, the two executive directors who have shared responsibility for the day-to-day operations of BL, the state-owned vehicles group for the past five years, are expected to leave the company shortly.

They seem to have been given little alternative by BL's new chairman and chief executive, Mr Graham Day, who moved from British Shipbuilders on May 1.

Mr Day, aged 52, has taken personal responsibility for BL's car division – which includes Austin Rover, BL Technology and the Unipart spare parts busines – which Mr Horrocks has headed since April 1981.

Mr Horrocks was "reviewing his position", BL said last night.

Mr Andrews was expected to return to BL, where he has been responsible for the Land Rover-Leyland commercial vehicle operations, after taking a leave of absence to lead the team which hoped to organise a management buy-out of the Land Rover company.

Unexpectedly, he was asked to extend his leave of absence and it now seems unlikely that he will return.

In the meantime, Mr Horrocks, who temporarily took control of Land Rover-Leyland during Mr Andrews' absence, has agreed to continue in this role for a short time so as to provide some continuity.

Mr Horrocks, 55, who last year was paid about £95,000 by BL, previously worked with Ford and Eaton Corporation before being recruited to BL by Sir Michael Edwardes, then its chairman, in 1977.

He claimed recently he had been "disciplined" by Mr Paul Channon, the Trade and Industry Secretary, for leading the opposition within BL earlier this year to a merger of Austin Rover and Ford, an idea which at that time had considerable attractions for the UK Government.

He was punished, he suggested, by being passed over for the chairmanship of BL in favour of Mr Day, who is widely believed to be Mrs Margaret Thatcher's personal choice.

Mr Andrews is believed to be BL's highest-paid executive, receiving £98,367 in 1985. Until now, he has been known as the group's "great survivor," having joined as financial controller from Ford of Europe in 1969.

He survived the far-reaching purge of top management implemented by Sir Michael after his arrival in 1977.

For some time, Mr Andrews was Sir Michael's vice-chairman and then took control of the commercial vehicle operations when BL was split into two divisions.

He upset some senior Leyland Trucks managers by taking leave of absence during the talks with General Motors when the US group hoped to buy both Land Rover and the Leyland Truck operations. Negotiations collapsed when the UK Government told GM that Land Rover could no longer be included in the deal.

The Andrews consortium's bid for Land Rover was later rejected by BL, together with others from Lonrho and J. C. Bamford. BL said it would keep Land Rover with the idea of floating the company on the stock exchange in about two years' time.

Manufacturing output shows sharpest reverse for 6 years

BY GEORGE GRAHAM

BRITISH MANUFACTURING industry in the first quarter met its sharpest reversal since 1980, new figures published yesterday show. Manufacturing output in January and February was worse than originally indicated, and it fell further in March, the Central Statistical Office (CSD) said.

The index of output for the manufacturing industries is provisionally estimated at 102.3 for March, leaving first-quarter output 1 per cent lower than in the last three months of 1985, and the same amount lower than the same period a year earlier.

The announcement was greeted with gloom in the City of London where analysts said it meant many companies would bear the full brunt of rising wage costs without offsetting productivity gains.

Cold weather boosted output by the energy industries in the first quarter to a level 4½ per cent higher than in the previous three-month period.

Output in the production industries as a whole – including both energy and manufacturing – was ½ per cent higher in the first quarter than in the last quarter of 1985, and 2½ per cent higher than in the same period a year earlier.

The announcement supported earlier evidence from the Confederation of British Industry (CBI) that British manufacturers had seen a downturn in activity in the first quarter. But the CBI said yesterday that the figures were depressing and appeared to suggest that conditions had been worse than its own survey had indicated.

The CBI said high borrowing costs were still hurting industry and called for a further cut in bank base rates – preferably today.

The sharpest decline came in the metals industry, where first-quarter output was 3 per cent lower than it had been in the previous three months. The chemical industry also recorded sharply lower output, and electrical engineering continued its yearlong decline. First-quarter output in this sector stood 8½ per cent below its peak in the first quarter of 1985.

Car production rose sharply in March to leave first-quarter output higher than in the previous three-month period, but other consumer industries suffered from declining output, despite the apparent evidence of buoyant retail sales in the same period.

Output of man-made fibres in the first quarter rose 6 per cent from the previous three-month period although this sector is still showing lower production levels than those achieved in 1983 and 1984.

The "bias adjustment" to the manufacturing output index, introduced four months ago in a bid to offset an apparently persistent underrecording in early estimates of output, has continued to embarrass government statisticians.

Railways lose parcels contract

BY JASON CRISP

BRITISH RAIL has lost the 103-year-old rail contract to carry parcels for the Post Office which will instead send them by road.

The decision is the second recent blow to BR's £150m a year parcels sector. It lost business worth about £10m a year when Mr Rupert Murdoch's News International switched to road distribution with the move of its printing plant to Wapping, east London.

It is believed that the Post Office will save £5m to £6m a year by switching to road, even after BR offered to cut its prices by £4m in an attempt to retain the business. The Post Office was paying BR £13m a year for carrying parcels and £40m for letters, which are not affected.

The cost to the Post Office of using BR to carry parcels is about £20m when other items are included such as the delivery to stations. Just over two years ago, the Post Office managed to cut the price it paid BR for letters by £5m and it introduced penalty clauses for late delivery.

BR first wrote to the Post Office last September because it was losing money on the parcels contract. After lengthy negotiations it offered to improve the service and cut the price by £1m. Under pressure from the Post Office it offered a different option at £9m.

Because of the additional costs of delivering the parcels to BR, the Post Office decided it could do the job more cheaply itself.

BR says up to 400 jobs may be at risk because of the decision.

Although BR loses money on the Post Office contract, the loss of the revenue will be felt because of BR's high fixed costs. In the year ending March 1985, BR's parcels sector made a surplus of £18.9m before interest on revenues of £149.3m.

The sector includes BR's own Red Star premium parcel service which competes with the Post Office. Newspapers before the Wapping move accounted for £30m of BR's revenues.

BR believes that News International may return to rail once its dispute with the print unions has been resolved.

Electricity dispute halts tariff statement

AN ANNOUNCEMENT that electricity tariffs were to go up by less than expected and would then be frozen until March 1988 was cancelled at the last minute yesterday because of the collapse of the power station workers' pay talks, Maurice Samuelson writes.

Instead, the Electricity Council is making contingency plans to safeguard electricity supplies from May 24 when the power workers are due to start a work-to-rule.

The council had drafted a statement apparently saying that monthly tariffs from July 1 would go up by only about 2 per cent, instead of about 5 per cent as expected earlier. It would also have held out the prospect of a tariff freeze until the end of the following financial year.

The announcement had been drafted on the basis of an agreement concluded by the Central Electricity Generating Board and the National Coal Board about cheaper coal prices to power stations.

The agreement was due to be signed in about a fortnight's time once it had been cleared by the Government. This timetable could be affected by a prolonged dispute in the electricity industry.

Overtime ban, Page 10

☐ Systime, the computer group, has denied any guilt after its settlement of the $600,000 civil penalty with the US Commerce Department for re-exporting US technology without authorisation.

The company said in a statement: "Systime has made the settlement to avoid long and expensive legal proceedings with the attendant negative affect on its business. The settlement is not an admission of any wrongful action but a pragmatic business decision."

Systime was alleged to have made 23 shipments worth more than $4m of US computers to Libya, Syria, India, Pakistan, Malaysia, Singapore, Switzerland and Zimbabwe without authorisation to re-export.

☐ PROTESTANTS mounted a series of protests in Ulster to mark the six months anniversary of the signing of the Anglo-Irish Agreement which gives Dublin a say in the affairs of the province.

In one protest 12 Democratic Unionist Party members of the Northern Ireland Assembly occupied the switchboard room at Parliament Buildings at Stormont for three hours, holding up the work of some government departments. Police broke down the door with a hammer and the protest ended peacefully.

SE fights to remove equity plan bar on unlisted shares

BY RICHARD TOMKINS

THE STOCK EXCHANGE has fiercely attacked the Government's proposal to exclude shares quoted on the unlisted securities market (USM) from personal equity plans (Peps).

It says the proposal is unfair and it intends to bring strong pressure to bear in an attempt to have the decision changed.

Personal equity plans were introduced in the last budget as part of the Government's strategy to spread individual share ownership. When in operation, they will bring tax relief on capital gains and income from share investments of up to £2,400 a year.

The outline proposals published on budget day specifically included USM-quoted shares in the scheme, but the Inland Revenue's more detailed proposals, published on Monday, revealed an about-turn by excluding them.

Mr Lynton Jones, the exchange's head of public affairs, said the Stock Exchange was very concerned by the change. "Presumably it's because it's a new scheme and the Inland Revenue wants everything to be as safe as possible, but only a handful of USM companies have ever gone bust and there are as many examples of plummeting stocks on the main market as there are on the USM," he said.

"The ludicrousness of the Government's position is that the business expansion scheme, which provides tax relief on investment in unquoted companies, was designed to exclude the USM precisely because it was seen as too much like the main market."

Mr Jones said the Stock Exchange had not been consulted about the proposal and had been surprised by it. "We will be making a major point of this in our representations to the Inland Revenue," he said.

The proposal has also drawn fire from the investment community. Mr Geoffrey Douglas, who leads the USM research team at Hoare Govett, the stockbrokers, described it as illogical, ill-conceived and ill-considered. "The actual impact may not immediately be apparent, but this could do serious damage in terms of sentiment," Mr Douglas said.

The Inland Revenue said yesterday that the USM had been excluded from the scheme because Peps were aimed at small, first-time investors who had little knowledge of the stock market and needed to be protected from undue risk.

However, the proposals were still at a consultative stage and all representations would be considered before the final plans were drawn up. The scheme is expected to come into operation next January.

Shell to abandon £65m North Wales pipeline

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

SHELL UK is to close its marine terminal on Anglesey, off the north-west coast of Wales, and abandon the £65m pipeline it built across North Wales in the 1970s to carry oil to its Stanlow refinery at Ellesmere Port, Cheshire.

The 75-mile pipeline, which until 18 months ago was a prominent feature of Shell's corporate advertising on television, cost £7.5m a year to operate.

The company says that the economics only made sense if throughput reached the design levels of 25m tonnes of oil by the end of this year. But throughput has been consistently in the range of 5m to 7m tonnes per year, with no prospect, given market trends, of this increasing. The company will now ship its crude to Stanlow via the Mersey, using 100,000-tonne tankers.

This will bring a benefit to the port of Liverpool, which lost most of its oil cargoes when the pipeline was built. Last year less than 3m tonnes of oil were shipped through the port. The switch is also likely to benefit the Mersey's pilots, who have suffered considerable problems as shipping traffic into the Mersey has declined.

In March, the Mersey Docks and Harbour Company agreed that Shell should take over the port's oil terminal at Tranmere, Birkenhead. Previously it had been operated jointly. The new arrangement allowed Shell to introduce flexible working practices agreed with the unions at Stanlow, so that the prospects of operating the terminal more economically were enhanced.

Securing the new working practices and control at Tranmere paved the way for closure of the pipeline, which was beginning to represent a serious threat to economic operation of the Stanlow refinery itself, a large employer in the Merseyside special development area.

Alternative £60m developments proposed for prime City site

BY COLIN AMERY, ARCHITECTURAL CORRESPONDENT

LITTLE MORE than a year after the rejection of proposals for a 290ft (88.4 metres) Mies van der Rohe tower as part of the re-development of the Mansion House Square site in the City of London, Mr Peter Palumbo, the site developer, has come up with alternative £60m schemes. This time they are designed by Mr James Stirling, the acknowledged leader of new British architecture.

The earlier scheme was turned down after a lengthy public inquiry by Mr Patrick Jenkin, who was then Environment Secretary. A report by the inquiry inspector did not rule out complete re-development of this sensitive site despite the presence of several important buildings listed as being of special architectural interest.

Mr Jenkin said re-development would be approved "if there is an acceptable proposal for replacing the existing buildings."

The whole debate will now rest on the definition of the minister's use of the word "acceptable." As a developer Mr Palumbo has done all he can to secure a good piece of contemporary architecture that fills the complex bill now demanded by the City corporation.

First of all any new building has to respect the context of this historic hub of the City of London. Secondly it has to be a commercially viable scheme that will provide the office technology and space for the sophisticated demands of those who are likely to want to rent this prestige building at the centre of the City's financial operations.

To meet this almost impossible set of criteria Mr Palumbo did not appoint a safe commercial architect. In Mr Stirling he has the designer of a new extension to the Tate Gallery for the Turner Collection. Mansion House would be his first commercial building in London. His Staatsgalerie in Stuttgart won universal praise as one of the best new buildings in Europe.

The two schemes that Mr Stirling has produced are both intriguing and important examples of a new school of contextual modern architecture that both respect the scale and quality of the entire neighbouring area.

The site does not this time incorporate any outdoor plazas. The triangular development has its base on Sise Lane, its two long sides on Poultry and Queen Victoria Street meeting in an apex at the corner facing the Royal Exchange where the turret of the Mappin and Webb building now stands.

There are two clear schemes. Scheme A keeps the Mappin and Webb building and has a lowish tower of 150 feet; Scheme B demolishes the entire site as it is at present and redevelops to an overall height of some seven storeys, with a new apex corner with a glass turret and a new clock.

Both schemes have received the blessing of the Royal Fine Art Commission. Mr Norman St John Stevas, commission chairman, "warmly welcomed" the schemes and said that a building designed by James Stirling would be an asset to the City of London.

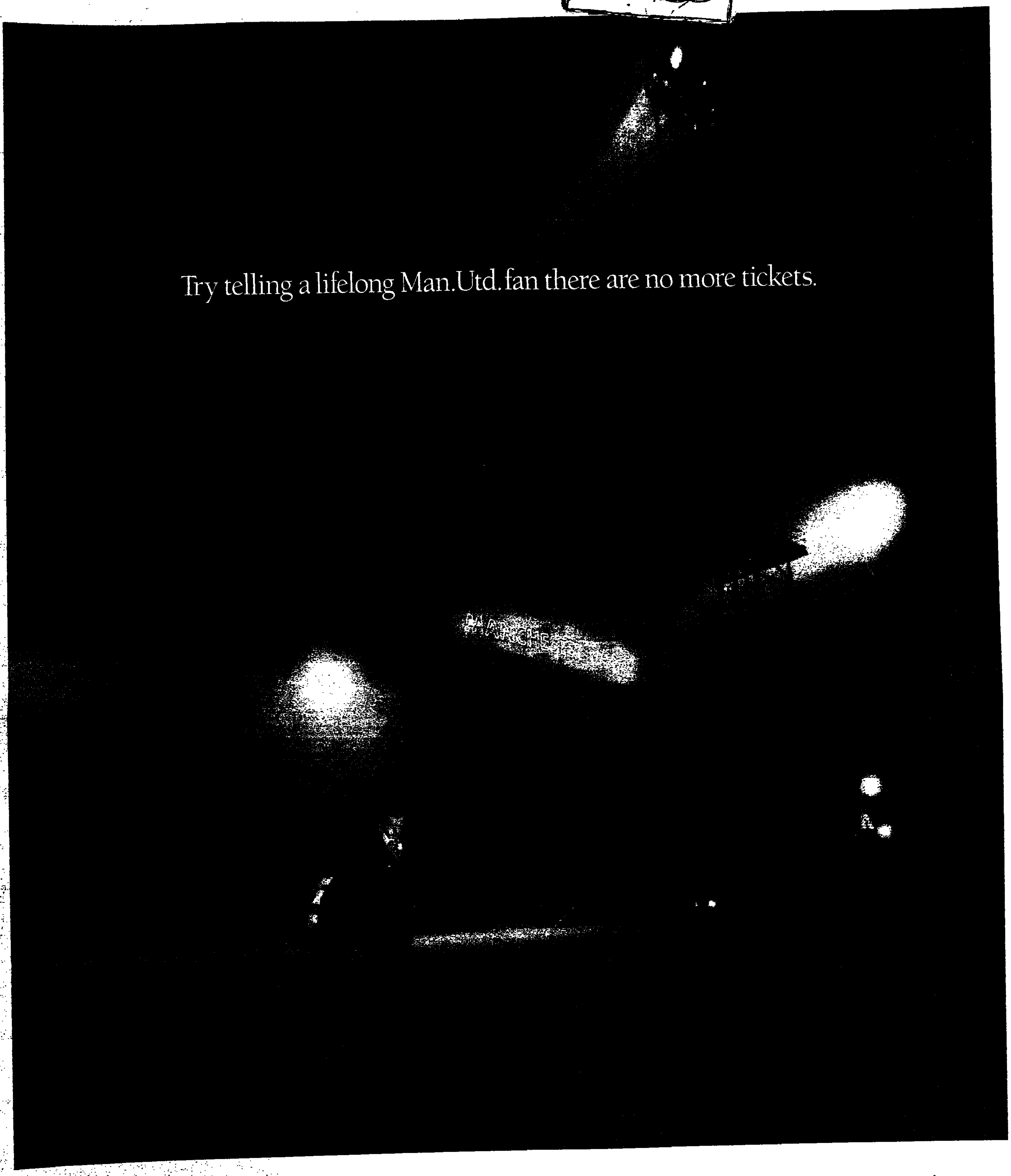
If it fell to the commission to make a choice between the two schemes, "there is a preference for the scheme that incorporates the Mappin and Webb building, as a majority of commissioners would like to see such a familiar landmark retained," he said.

If there is to be another wave of controversy about the redevelopment of a key City site that is now surrounded by scaffolding and is in a condition of nascent collapse it is likely to hinge on the question of the loss of some seven listed buildings in a Conservation Area.

It is time that conservationists looked at the quality of the buildings that are proposed to replace a collection of unexceptional 19th century commercial buildings. The James Stirling proposals will be faced in finely detailed Portland Stone and granite and will make conscious and interesting references to the immediate surroundings.

In terms of the new City of London plan this new development will offer the new sort of office accommodation, 15 ft high rooms to take computer and necessary wiring and room for 10,000 sq ft dealing rooms

James Stirling's designs, showing the Mansion House, left



Or even worse, try telling his son.

If you are running one of the world's best supported clubs, you cannot afford to let your fans be locked out by digital gremlins when there are tickets still available. That will never happen at Man. United.

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As part of the policy of implementation we call "getting our hands dirty," we supervised the specifications for and selection of tenders from the different computer firms.

But we also suggested that the club should look to the full range of potential uses for its system – the bars, the restaurants, the pools and lotteries and all of the management information needs. (Regretfully we still know of no computer that can play midfield.) The new system at Man.United is capable of all these functions – solely through the addition of software.

This kind of computer strategy work comprises up to 50% of our consultancy time at Price Waterhouse – for businesses which vary in turnover between the value of a few apprentices and five hundred Bryan Robsons.

To those who think Price Waterhouse consultants are just resprayed accountants, this may come as a surprise.

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Price Waterhouse

SWEEPING REORGANISATION PROPOSED FOR ENGINEERING INDUSTRIAL RELATIONS

Employers seek single-union deals

BY PHILIP BASSETT, LABOUR EDITOR

ENGINEERING employers in Britain are seeking a big extension of single-union deals. Confidential proposals have been put to engineering unions on behalf of 5,500 companies covered by the Engineering Employers' Federation (EEF).

The EEF wants all member-companies to reshape their agreements along the lines of single-union recognition – a move which would mean the largest reorganisation of industrial relations ever seen in British industry. It would carry widespread implications for the way that companies carry on their businesses.

Single-union deals have been widely adopted in those few high-technology companies that do recognise trade unions. Many overseas companies establishing operations in Britain – especially Japanese – insist on single-union deals as a precondition for starting up in the UK.

The proposal has been put forward as part of the protracted talks between the EEF and the Confederation of Shipbuilding and Engineering Unions (CSEU) on flexibility and working time.

In a draft procedure agreement tabled recently by the EEF to the joint working party considering these issues, the EEF is seeking the right of all its federated companies to move away from multi-union bargaining to deal only with a single union.

Where recognition rights are presently vested in a number of unions, the EEF is suggesting that these should be withdrawn, and placed instead with only one union. Unions which lost recognition would still be able to represent individual members in their own specific grievances, and union members would still be able to remain in the union of their choice.

Although the proposed arrangement would be carried out only with the agreement of all the unions concerned, the EEF makes no suggestion to member companies about which recognised unions they should choose. The arrangement that it is suggesting is similar to one adopted by the South Wales-based Japanese company Hitachi, which went from six unions to recognising only one, the EETPU electricians.

That caused considerable inter-union difficulties, and the EEF's draft agreement suggests an alternative proposal of a joint bargaining committee. This would act in effect as a single union and would again cut out separate negotiations by individual unions.

Union responses to the proposals are not yet clear. They may not sit easily with the Trades Union Congress's (TUC) own new provisions on single-union agreements. First signs of union reaction are likely to come when the progress of the negotiations is reported to next month's CSEU annual conference.

Other proposals suggested by the EEF include a move towards cashless pay, an ending of demarcation lines on the shop floor and a reduction in working hours.

Power industry faces ban on overtime

BY OUR LABOUR STAFF

ELECTRICITY POWER workers in England, Scotland and Wales begin an overtime ban on May 25 after the breakdown of pay talks. Unions have rejected an improved offer worth 6.2 per cent on basic rates which employers described as "fair and reasonable."

An overtime ban might lead within a few weeks to the shutdown of two or three generating stations. Although the approach of warmer weather will not be on the unions' side, one factor running in their favour is that this is the start of the season when individual boilers within stations are closed down for cleaning and repair.

Much of the work done in this period is normally on overtime. There is great pressure to complete it as quickly as possible in order to get the unit back into commission. From May 25, manual employees will not work this overtime, forcing – according to the unions' tactics – management to bring in other stations, many of them less efficient, and so more costly to run. This will hit the industry rather than the consumer.

Union leaders accept privately, however, that managements could increase the already widespread use of contractors to carry out some of the work, and so they are likely to make local-level approaches to the contractors concerned

Capital projects – mainly work for the Central Electricity Generating Board – could also be hit, as will out-of-hours repairs. Stand-by and emergency arrangements are exempted from the ban.

Tourist authority in £1m campaign to woo US visitors

BY FIONA THOMPSON

THE BRITISH Tourist Authority (BTA) is to spend £1m on a campaign to bring back US tourists to Britain.

Announcing the decision yesterday, Mr Duncan Bluck, BTA chairman, said Americans had cancelled a substantial number of holidays in the UK since the escalation of terrorism in Europe and more particularly since President Ronald Reagan's airstrike on Libya.

Mr Gerry Marks, commercial counsellor at the US Embassy in London, said the cancellations had "given Gadaffi a victory by creating a quasi-economic boycott of Britain."

The campaign will focus on the slogan "Britain speaks your language."

This was to emphasise not just the literal words but also the close link between the two countries, especially in the light of the British Government's support for the US over Libya, said Mr Lewis Roberts, BTA's marketing director for North America.

The action plan will include:

- Between \$1.2m – \$1.5m to be spent on advertising in the US;
- A promotional mission to US cities, including New York, Washington, Los Angeles, Dallas and Chicago, by a group including a leading British fashion designer, pop star, entertainer, author and a renowned American living in Britain;
- An increase in the number of visits to Britain by US broadcasters and American travel agents.

The cost of the campaign would be well worth it to protect the UK's earnings gained from US visitors, Mr Roberts said. Last year these earnings, excluding airfares, amounted to just under £1bn.

He said the US market represented the biggest single foreign market source and was therefore very important to the UK. But he stressed that it was vital to see this in context.

In "visitor spend terms" the total turnover from all sources last year was £13bn, 50 per cent of this coming from the domestic market. Of the overseas visitors, 25 per cent came from the US and 75 per cent from the rest of the world.

Most of the cancellations reported by airlines and hotels are of groups rather than individual travellers, particularly groups of schoolchildren and students. The incentive market, normally 100,000 visitors a year, has also suffered cancellations as sponsors do not want to face the possibility of litigation in the event of an incident.

APPOINTMENTS

Beazer restructures

C. H. BEAZER (HOLDINGS) has restructured its board. Mr Dick Allen and Mr Terry Upsall have been appointed group managing directors responsible for contracting, and homes and property activities respectively. Mr Alan Chapple becomes finance director, retaining the office of company secretary, and Mr Bill Bradshaw becomes assistant company secretary.

★

Mr David Coombes, sales director of Borough Plating, a wholly-owned subsidiary of THE NORMAN HAY GROUP, has been appointed to the main board. Mr Coombes pioneered the plating of plastics in Britain.

★

A reorganisation of ROCKWELL AUTOMOTIVE (UK)'S Thompson division has resulted in Mr Geoffrey Bicknell, previously director of sales and marketing, being appointed managing director of the division which has been re-named motor pressings division. Mr Michael Evans becomes manufacturing director, Mr Jim Morgan sales director, Mr Tim Bell finance director, and Mr Terry Ball personnel director.

★

Mr K. B. Parkinson has left PORTSMOUTH AND SUNDERLAND NEWSPAPERS to become company secretary with a new national newspaper—The Independent—and Mr T. F. Lake is being appointed company secretary in his place. Mr Lake was assistant company secretary.

★

COUNTY SECURITIES has appointed Mr Rob Thomas as managing director of County Australia Securities and Mr Kevin Crotty as director of County Securities. Mr Thomas will be responsible for the establishment of an Australian stockbroking operation based in Sydney, Melbourne and London. Mr Crotty is to establish and lead the Australian equity sales operation in London with responsibility for the marketing of Australian securities internationally. Initially he will be based in Australia to assist the local development phase. Both were formerly partners in Potter Partners.

★

Mr Richard Evans has been appointed managing director of THE RAWLPLUG COMPANY, part of Williams Holdings. He joined Williams Holdings in February as managing director

Mr Richard Evans, Rawlplug managing director

of Spencer Clark Metal Industries, another recent acquisition. Previously, Mr Evans was managing director of British Alcan Consumer Products. He was also managing director of th Associated Baco Homemaster, which produces DIY double glazing kits.

★

Mr Hugh Whitcomb has been appointed general manager of ITN. He succeeds Mr Paul Matthews who recently became deputy chief executive. Mr Whitcombe was managing editor of ITN. Since 1981 he has been chairman of the TV News Working Party of the European Broadcasting Union.

★

FIRST COMPUTER has appointed Mr Michael Kelly as marketing manager. He takes over from Mr Ian Slater, who is leaving to pursue other interests. Mr Kelly was with Lan dowa Euro, where he was board director with particular responsibility for ne wbusiness d:velopment.

★

KEY EXCHANGE SYSTEMS, European distributor of the Keyword document conversion system which integrates incompatible word processing systems has appointed Mr Alan Wallman as managing director. He was previously market planning manager with ICL. Mr Nick Newman becomes finance director and company secretary. He joined from ICL where he was controller of training services.

★

The following have been appointed to the board of N. M. ROTHSCHILD AND SONS: Mr Malcolm Aish, Mr William Staple and Mr Philip Swatman.

★

ROYAL DOULTON has appointed Mr Stanley V. Edwards as personnel director. He had been director of personnel

Mr Stanley Edwards, personnel director of Royal Doulton

services of the company's manufacturing and trading subidiary Royal Doulton UK) since 1984.

★

Following the recent merger of Roderic Unger and Associates with Executive Selection Associates, Mr R. J. Unger has joined the board of EXECUTIVE SELECTION ASSOCIATES. Mr J. W. Rusch, a director, becomes company secretary.

★

Mr John Herrin, group chief executive of Crystalate Holdings, has become president of the EUROPEAN ELECTRONIC COMPONENT MANUFACTURERS ASSOCIATION, which is based in Brussels.

★

Mr Roger Williams, of Coin-a-Drink has been elected chairman of the AUTOMATIC VENDING ASSOCIATION OF BRITAIN for the year 1986-87 with Mr Christopher Thomas of B eakmate re-elected as treasurer.

★

BIFFA WASTE SERVICES, specialist waste disposal subsidiary of BET, has appointed Mr Mark E. Aldridge as managing director. He joins from the ESAB Group. The appointment follows the resignation last December of Mr R. C. Biffa as chairman and managing director of Biffa when he led a management buy-out of Biffa's fellow-subsidiary, Re-Chem International.

★

Mr D. J. Bond has been elected a director of the MEDICAL SICKNESS SOCIETY; and Professor B. Jarman has been appointed chairman of MEDICAL SICKNESS FINANCE CORPORATION.

★

NORCROS has appointed Mr G. E. Burton to the board of subsidiary Adderley Green Tiles as sales and marketing director, and Mr M. Howard to the board of subsidiary H. and R. Johnson Tiles as marketing director.

★

BUNGE AND CO has appointed Mr David Airey as deputy managing director from July 1. He is at present managing director of Bibby Edible Oils, a wholly-owned subsidiary of Bunge and Co, and will become deputy chairman on that date. His successor as managing director at Bibby Edible Oils Limited will be Mr Bob Stokell.

UK NEWS

Taskforce proposed for retailers and industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A TASKFORCE to improve links between British retailers and manufacturers was proposed yesterday by Mr Tom McNally, director general of the Retail Consortium, which represents most of the large retailing groups.

Mr McNally, speaking on the opening day of a Financial Times conference on "Retailing to 1996," said that the taskforce could improve the quality, design and competitiveness of British-made products. He suggested that Prince Charles might be invited to lead it.

"Given his known interest in both design and the future of British industry, I would suggest that Prince Charles would be the ideal choice to head such a taskforce," he said.

Mr McNally called for retailers to be given a more central role in government economic thinking. "We have to present with vigour the full picture of the industry's role in the economy," he said. "We have to assemble our facts, do our research and then be prepared to fight our corner in Brussels and Strasbourg, in Whitehall or Westminister, and in town halls up and down the country."

He also called on the Government to appoint a senior minister of leisure within the Department of Trade and Industry to increase co-operation between retailing, tourism, travel, sport and entertainment.

On the issue of Sunday trading, which has caused controversy within the consortium because of differing views by retailers, Mr McNally pointed out that the retail industry

FINANCIAL TIMES CONFERENCE
Retailing to 1996

was still left with "the absurd and unworkable 1950s Shops Act."

Mr Mark Souhami, managing director of the Dixons Group, told the conference that merchandising was the key to successful retailing. "There is no shopfitting or advertising so fancy that it can make a poor merchandise proposition sell and, conversely, if the merchandise proposition is right then everything else will fall into place."

He said it was "absolutely certain" that by 1996 the merchandise ranges for successful retailers would have changed dramatically. For example, 10 years ago products such as microwave ovens, video recorders, and personal stereos were not on the market.

Mr John Richards, a senior analyst with stockbrokers Wood Mackenzie, told the conference that the spate of mergers in retailing was only at the beginning. "We have still seen only the tip of the iceberg in what amounts to a fundamental restructuring of the retail industry."

Mr Edward Whitefield, chairman of Management Horizons, suggested that town centres could still hope to survive in face of competition from out-of-town retailers.

Mr David Stewart, development director of the Conran Design Group, pointed out thot the design phenomenon was "far from having had its day."

Mr Nick Aspinall, managing director of the Retail Group, suggested that there were considerable opportunities for entrepreneurs to develop specialist retail concepts – usually leisure-based – in secondary sites where these ideas could be tried at a low cost.

Other speakers yesterday were Mr Robert Tyrell, managing director of the Henley Centre for Forecasting, and Dr Russell Schiller, head of research at Hillier Parker May and Rowden.

Minister says Tories paying price for high unemployment

BY MARK MEREDITH IN PERTH

MR MALCOM RIFKIND, the Secreatary of State for Scotland, yesterday made a frank acknowledgement of the Conservative Party's current unpopularity with voters.

"We cannot conceal or hide the fact that we have lost support, that we have lost ground, over the last few months and over the last year or so," he told the Scottish Conservative Party at its annual conference in Perth.

Heavy Tory losses in last week's regional council elections brought the party's support to a low ebb in Scotland and presented Mr Rifkind with a formidable task to rally Tory representatives. His approach was to accentuate the positive.

Unemployment, he said, was not a question of the complexion of a particular government.

"Any government in office at a time of high unemployment inevitably pays a political price for it," he said. "But at a time when we see unemployment at 25 per cent in Socialist Spain and at unprecedentedly high levels in France, Belgium and Germany, then we are entitled to say that the complexion of the government in question – whether Conservative, Socialist, Liberal, Christian Democrat or whatever – can clearly not be the cause of this phenomenon."

Mr Rifkind said party followers should ask critics to be specific with their complaints and he listed the Conservative achievements in youth training, housing and health care.

"We have to accept that in certain respects our policy on public expenditure has created misunderstanding and led to possible loss of political support in certain areas," he said.

It was absurd, Mr Rifkind added, of critics to say that somehow Prime Minister Margaret Thatcher presented a problem for Scottish Tories and he pointed to her two past consecutive election victories.

Lord Young, the Secretary of State for Employment, echoed Mr Rifkind's assertion that Britain's unemployment problem was one shared by the rest of Europe.

He pointed to positive results from the Government's restart programme initiated this year at Job Centres.

Euro court upholds sex bias challenge

By Raymond Hughes, Law Courts Correspondent

UK COURTS cannot be stopped from dealing with complaints of sex discrimination in employment by a mere assertion by a government minister that the discrimination is justified on national security, public safety or public order grounds, the European Court of Justice in Luxembourg ruled yesterday.

An EEC equality directive requires that anyone with a complaint of sex discrimination is entitled to air his grievance in court. That meant, the Luxembourg judges said, that evidence about the national security factor had to be given to the court, which could then make up its own mind about whether the discrimination was justified.

The ruling, which will be closely studied in Whitehall, was made on a challenge that followed a decision by the Chief Constable of the Royal Ulster Constabulary (RUC) to ban women officers from carrying guns.

Because of the ban, and the fact that there were sufficient women officers to carry out general duties, the contract of a woman member of the RUC Reserve was not renewed.

Her complaint to a Belfast industrial tribunal that she was the victim of sex discrimination was halted by a certificate from the Northern Ireland Secretary stating that she had been refused further employment with the RUC on national security, public safety and public order grounds.

Under the 1976 Sex Discrimination (Northern Ireland) Order, such a certificate is conclusive evidence and no further justification can be demanded.

The European Court said that the equality directive allowed women to be excluded from certain jobs for their own protection, particularly on grounds of pregnancy or maternity. However, the court said, that did not mean they could be excluded from employment "under the guise of protection."

The case will now go back to the Belfast industrial tribunal which will be able to call for evidence of the basis for the minister's national security justification for the refusal to re-employ the woman.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Corporate Renewal

How saturation training has focused the mind to dramatic effect

Christopher Lorenz concludes his series by explaining how crucial was management development to the UK computer company's revival

MANAGEMENT education does different things for different people. Roger Hill makes no bones about what it did for him. "It plunged me into total despair."

Hill is the marketing director of ICL UK, and was one of the first to undergo the trauma of ICL's challenging development programme for senior managers. "It blew my mind at the huge gap between where we were and where it showed we needed to be. I came off it totally hooked on what had to be done, but even more desperate than before at the fact that ICL was in trouble but didn't realise it."

Hill is one of many senior ICL executives who have been deeply affected by the company's week-long programme on "managing strategic capability." Launched in early 1984, about 180 of ICL's senior cadre have since attended it, 20 at a time. Nearly 1,600 less senior managers have been on one of the three lower tiers of ICL's "Management Programme," the overall title for all four courses.

The purpose of the programme, as was outlined in earlier articles in this series, was to give a dramatic lift to ICL's competitive performance. After its emergence from near-bankruptcy in 1981-82 the company had gone through an organisational and leadership hiatus which only began to be resolved in late 1983 with two fundamental decisions: to replace the old functional organisation by a decentralised, matrix structure based on "business centres"; and to create an ambitious management education drive which would force a sea-change in managers' attitudes to the company, its customers, its competitors, its strategy and its organisation—which would, in short, lift it to a much higher level of competence.

On all counts, the "strategic capability" programme seems to have justified its grand name. Alan Rousell who, as managing director of ICL UK, is Hill's immediate boss, is a self-confessed sceptic about management development. "I shudder every time I hear the word training," he says. He only went on the course—much later than Hill—"because it was my duty, and all my immediate staff said they wouldn't work with me unless I did."

But it had a dramatic effect on him. Rousell describes the course as "one of only two I've ever attended that have been worthwhile in setting the pattern for the way I manage." The first, 20 years ago, was on management by objectives.

Rousell considers the outstanding benefit of the programme to be the creation of a common language among managers from different functions and countries, most of whom had never even met before. "It has created much more cohesion in the way we all deal with strategic and organisational issues," agrees Don Beattie, ICL's personnel director.

Jean-Claude Albrecht, who heads ICL's operations in France and southern Europe, is equally complimentary. A former IBM executive, and therefore one of the few people at ICL who can make a first-hand comparison with the famously high quality of management programmes at "Big Blue," he says the course "was one of the best I've ever attended."

One of the reasons why the top-level programme has had such a dramatic impact on participants was its unusual design:

- The academic team first immersed itself in ICL and its problems for several months;
- The course focused on key industry issues and strategic concepts, rather than on the latest management techniques;
- It was attended by virtually all ICL's senior managers in less than 18 months. Many companies just send a few managers away each year to general purpose business school courses.

The three lower tiers of courses, which were launched at roughly the same time, were also designed to give a sharp jolt to everyone's perceptions of what it would take to stay competitive in the international electronics industry through the late 1980s and beyond. "All four levels aim to give our managers a much wider strategic picture," says Ray Fields, the "champion" of the education drive.

To back up these broad programmes, a full set of strategic and marketing techniques is provided by a comprehensive range of continuing marketing courses for all levels of management, from the very top to the bottom. There is also a wide range of specialised "skill-learning" courses, in such subjects as motivation, sales techniques, and so on.

The three academics who, with ICL, designed the top management course, and have taught most of it, are Professor C. K. Prahalad of the University of Michigan, Gary Hamel, an American based at the London Business School, and Ian McKenzie, an LBS colleague who in 1985 rejoined the Boston Consulting Group.

On all counts, the "strategic capability" programme seems to have justified its grand name

Prahalad and Hamel's far-reaching analysis of the strategic thinking and organisational capabilities behind the competitive success of Japanese companies has attracted widespread attention over the past 12 months, among business people as well as in the academic world (see "The dangers of home comforts," and "How the Japanese write their own rules of the game," this page, July 24 and October 11 1985).

One of their central arguments is that most western companies have failed to master the techniques of competitive innovation—that is, finding new ways to compete which catch their adversaries off guard. The duo also complains that many western companies have still not come to terms with competing in a global marketplace.

Just as dangerously, say Prahalad and Hamel, they tend to content themselves with following just one so-called "generic strategy," such as low-cost leadership or differentiation. The Japanese, on the other hand, build several layers of competitive advantage upon each other, including organisational effectiveness. Nor do many western companies possess a clearly expressed and consistent long-term "strategic intent" that focuses the energies of the company, and yet lets it behave flexibly and opportunistically.

By using case studies of a couple of companies which practice this daunting set of skills, though in very different ways (IBM and Matsushita), and of others which have manifestly failed to do so (such as EMI), the "Stage 4" programme provides a clear target of how a strategically capable organisation should operate in the fast-moving and complex electronics industry.

The course also demonstrates the means by which this target can be reached: it suggests, for example, how managers can grapple with all the unpredicability of young, turbulent industries; it sensitises them to the need to link strategy, planning and organisation; and it proffers ways of managing organisational change in a company as complex as IBM (or ICL).

This emphasis on organisational capability is stressed over and over again on the course. "The job of the general manager should have as much to do with organisation as with strategy," argues Gary Hamel. "Most managers still think that organisation design should be a staff function."

Not surprisingly, perhaps, in view of IBM's dominance of the computer industry, the subject which always provokes the most controversy on the course is IBM's corporate values and organisation processes. "Most ICL managers have perceived IBM's competitive advantage only in terms of its technology, rather than in its way of organising people," says Hamel.

But how much impact can any one-week course make, no matter how high its quality?

In order, as Hamel puts it, "to weave a thread of shared perspective right through ICL's senior management," videos are made of every presentation by the working groups on each course. Videos from past courses are then viewed by the next set of participants.

"The presentations on the first three programmes were very backward-looking, concentrating on what the company had done wrong," says Gill Ringland, manager of ICL's office systems business centre, who took part in the seventh programme in late 1984. "By the fourth one, things had improved and people were beginning to look to the future."

The immediate impact of the programme has been reinforced in several ways. The academics have been called in several times by ICL's executive chairman, Peter Bonfield, and by other senior managers, to run special educational sessions on particular issues. The duo has also conducted a number of consultancy assignments, including helping adapt ICL's strategic planning process to take account of their concepts of global competitiveness and organisational capability, so that they become deeply embedded in ICL's procedural woodwork.

All the same, the programme has been so successful and has excited such a high level of expectation of the organisation's new ability to perform, that many senior managers are now calling for a more orchestrated series of follow-up courses and meetings for staff beneath them. Bonfield himself is acutely aware that "you have got to reinforce these things about every six months — otherwise expectations are frustrated and the effect disappears." A decision will be made in the next few months about how best to follow-up the Stage Four teaching. There is likely to be some input from a special research project now under way into the challenges that European computer companies will face in the 1990s.

Roger Hill's own follow-up to his desperation back in 1984 was characteristically direct. "I saw that the key to changing the organisation's performance was to change the organisation," he says. Within a few months he had begun the process of focusing the attentions of ICL's own salespeople onto about 1,000 strategically important customers in specialised markets. "Until then these customers had been under-resourced," concedes Hill.

It was a costly reorganisation. "I could never have created the thought process that gave me the confidence to do it if I hadn't attended Stage Four," Hill claims. He considers that the change was responsible for much of last year's near-30 per cent surge in ICL UK's intake of orders.

On the other side of the organisation matrix from Hill's geographic sales company, the manager of ICL's retail business centre, John Davison, credits the Stage Four programme with two main changes in the way he runs his organisation. "I carry these two thoughts around in my mind all the time now — they create the pattern of work here," he says.

First, "it crystallised my realisation that different companies need different organisational approaches at different stages in their development. It helped me get people's hearts and minds behind the need for change, and it taught me to put a lot more time and effort into preparing for it. It also taught me to be more patient — change sometimes has to be engineered progressively, not suddenly."

Second, "I understand clearly for the first time how the Japanese approach global markets, and what the strategies of the companies we deal with are likely to be." As the chief coordinator of much of ICL's fast-growing business in computer terminal systems, Davison has forged quite a number of collaborative ventures in the past few years—some of them with Japanese partners.

"We now have strategies that anticipate their tendency to move into the market alongside us," he says. For understandable reasons, Davison prefers not to elaborate. But Peter Bonfield speaks for the whole of ICL when he says that Prahalad, Hamel and McKenzie's work has prompted ICL to take much more care in the management of collaborative ventures. "We are forcing people to look at the issue much more clearly, including asking themselves the question 'What are you doing to protect yourself?'"

Even if the "Stage Four" programme had done nothing more than teach ICL not to fall into the common western trap of becoming prey to its Japanese partners, it would have been worth the investment. But it has done very much more besides. If ICL continues to survive against the odds as a small but capable player in the fast-changing global electronics industry, it will be partly thanks to those week-long traumas which Roger Hill and co suffered in 1984 and 1985.

Previous articles in this series appeared on Monday and Wednesday.

Company Notices

UNILEVER N.V.

DIVIDEND ON CERTIFICATES FOR ORDINARY CAPITAL
ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Final dividend payments in respect of the year 1985 will be made on or after 27 May 1986 as follows:—

SUB-SHARES OF FL.12
IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED
now MIDLAND BANK TRUST COMPANY LIMITED

A dividend, Serial No 116 of Fl.6.096 per sub-share, equivalent to 160.3999p converted at Fl.3.8005=£1.

DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will, generally, be liable to Dutch dividend tax at only 15% (Fl.0.9144, 24.0600p per sub-share) provided the appropriate Dutch exemption form is submitted. No form is required from UK residents if the dividend is claimed within six months from the above date. If the sub-shares are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch dividend tax at 25% (Fl.1.524, 40.1000p per sub-share) will be deducted and will be allowed as credit against the tax payable on the profits of the establishment. Residents of non-convention countries are liable to Dutch dividend tax at 25%.

UK INCOME TAX at the reduced rate of 14% (24.0600p per sub-share) on the gross amount will be deducted from payments made to UK residents instead of at the basic rate of 29%. This represents a provisional allowance of credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK.

To obtain payment of the dividend sub-share certificates must be listed on Listing Forms obtainable from:—

Midland Bank plc, Stock Exchange Services Dept., Mariner House, Pepys Street, London, EC3N 4DA
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE
Allied Irish Banks plc, Securities Dept., Stock Exchange, Bank Centre, Ballsbridge, Dublin 4
Clydesdale Bank PLC, 30 St Vincent Place, Glasgow.

Separate forms are available for use (a) by Banks, UK firms of Stockbrokers, Solicitors or Chartered Accountants (b) by other claimants. Notes on the procedure, in each case, are printed on the forms.

DUTCH CERTIFICATES OF FL.1000, FL.100 and FL.20

A dividend of Fl.10.16 per Fl.20 against surrender of Coupon No 116. Coupons may be encashed through one of the paying agents in the Netherlands or through Midland Bank plc; in the latter case they must be listed on the special form, obtainable from the Bank, which contains a declaration that the certificates do not belong to a Netherlands resident. Instructions for claiming relief from Dutch dividend and UK income tax are as set out above except that UK residents liable to Dutch dividend tax at only 15% must submit a Dutch exemption form. Dutch dividend tax on this dividend is Fl.2.54 at 25% and Fl.1.524 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a convertible florins account with a bank or broker in the Netherlands.

A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and convention countries, can be obtained from Midland Bank plc at the above address or from the London Transfer Office.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office, Unilever House, Blackfriars, London EC4P 4BQ.
14 May 1986.

PROVINCE DE QUEBEC

Loan FF 125 000 000,—
7½% - 1972/1987

Bondholders are hereby informed that the redemption instalment of FF 15,000,000 due on June 15th, 1986 has been met by a draw by lot in the presence of Madame Jeanne Housse, Notary Public in Luxembourg.

Consequently, the 3,000 bonds of FF 5,000 numbered:

22787 to 25000
and
1 to 2401

inclusive, taking account of numbers already drawn for preceding instalments, will be redeemable at par, coupons at June 15th, 1987 and subsequent attached, as from June 15th, 1986 date at which they will cease to bear interest.

Redemption and payment of interest will take place at the following banks:

CREDIT LYONNAIS, Luxembourg — CREDIT LYONNAIS, Paris — ALGEMENE BANK NEDERLAND NV, Amsterdam — BANCO DI ROMA, Rome — BANQUE DE PARIS ET DES PAYS-BAS, Paris — COMMERZBANK AG, Francfort/Main — KREDIETBANK NV, Bruxelles — LLOYDS BANK INTERNATIONAL LTD, London.

It is recalled that the following bonds previously drawn by lots, have not yet been presented for repayment:

15.6.1985: 5269 to 5273, 5286 to 5287, 5306, 5310, 5352, 5699 to 5730, 5781, 5802 to 5803, 5816 to 5820, 5823, 5839 to 5840, 5844 to 5846, 5850, 5861 to 5865, 5901 to 5903, 5932 to 5938, 6033 to 6044, 6051 to 6094, 6136, 6167, 6174 to 6182, 6187 to 6194, 6268, 6271 to 6274, 6306 to 6307, 6312 to 631v, 6322 to 6327, 6330 to 6334, 6353 to 6360, 6383, 6686, 6691 to 6698, 6701, 6703, 6790 to 6792, 6826, 6885, 6899 to 6902, 7012 to 7013, 7022 to 7023, 7136, 7229 to 7234, 7243, 7322 to 7324, 7331, 7337 to 7338, 7348 to 7351, 7419 to 7429, 7534 to 7538, 7554 to 7557, 7610, 7612 to 7623, 7640 to 7643, 7760 to 7772, 7785, 7804 to 7809, 7885, 7909 to 7911, 7913 to 7918, 7925, 7938 to 7942, 7944 to 7945, 7957, 7974, 7979 to 7980, 8020, 8022 to 8023, 8030 to 8039, 8059 to 8065, 8084 to 8093, 8124 to 8132, 8148 to 8164, 8185 to 8194, 8211 to 8215, 8252, 8280 to 8302, 8306, 8314 to 8315, 8350 to 8352, 8511.

Outstanding amount after this nineth amortisation:
FF 17,000,000

The Fiscal Agent
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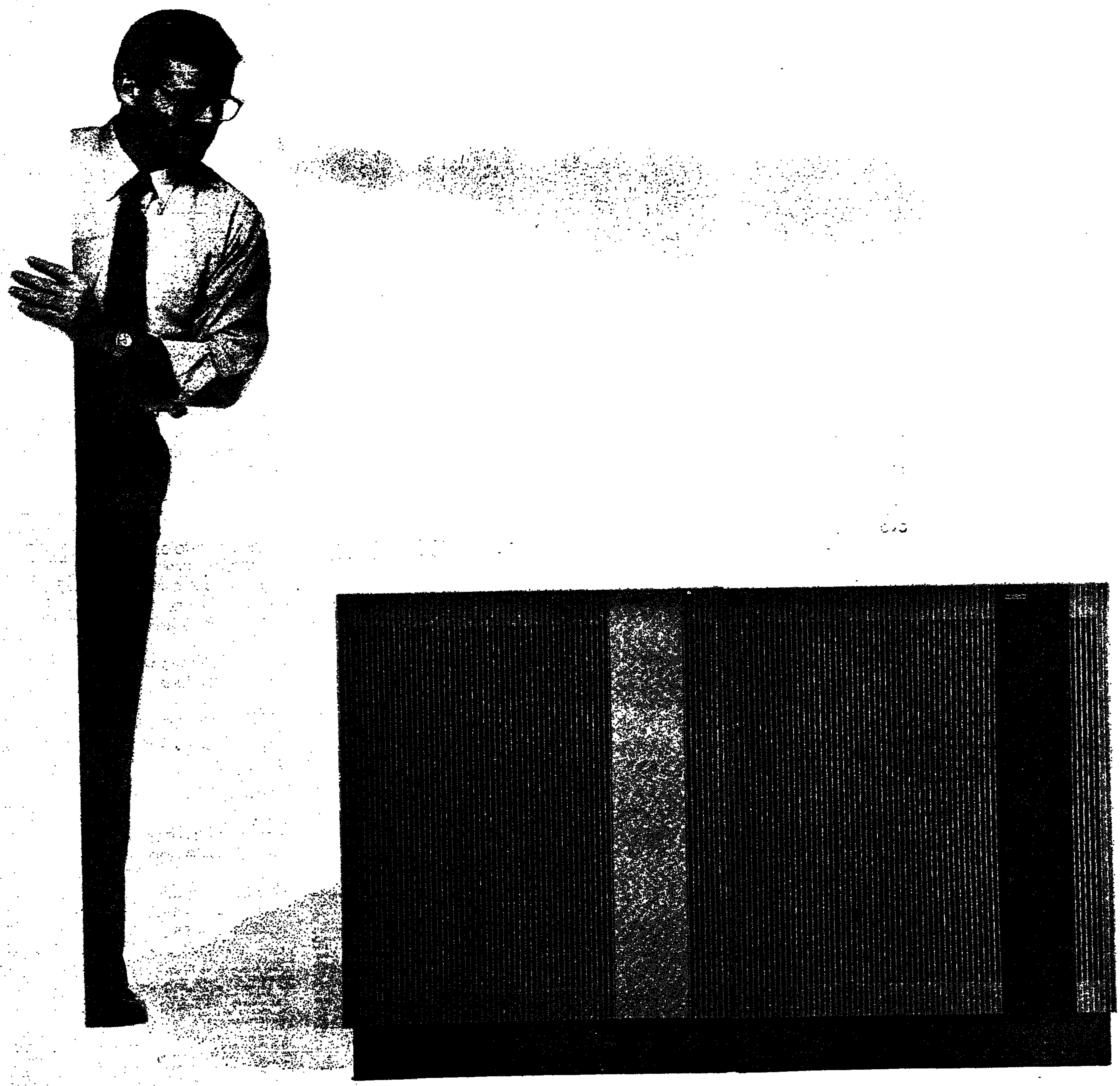


THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
16	17	18	19	20	21	22

Exhibitions

LONDON

The Hayward Gallery: Falls The Shadow – this year's Hayward Annual for the first time extends its view of contemporary art from Britain into Europe. The Arts Council's guest selectors, Barry Barker and Jon Thompson, taking a hint from T.S. Eliot's ambiguous poem of the mid 1920s, The Hollow Men, abandon the principles of avant-gardism in favour of a more open and catholic modernism. The result is an elegant, difficult and fascinating anthology. Ends June 15.

PARIS

From Rembrandt to Vermeer: 60 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

Rasa – The Nine Faces of Indian Art. A hundred sculptures in stone, bronze and terracotta and some 200 miniatures are divided into nine groups according to the sentiment they express: the erotic, comic, pathetic, heroic, terrible, furious, hateful, marvellous and finally the serene, thus making Indian art intelligible to Europeans. Many of the sculptures have been only recently discovered, while most of the miniatures are seen for the first time. Grand Palais (4261 5410). Closed Tue, Wed late opening. Ends June 16.

At the Court Of The Great Moghul: A parallel exhibition of Indian miniatures from Bibliotheque Nationale's collections, which have never been exhibited before. Bibliotheque Nationale, 58 Rue de Richelieu from 12am to 6pm all days. Ends June 16.

Dutch and Flemish paintings from the 16th and 17th century: The 15 choice works represent the quintessence of Flemish art. There are the still lives with fruit or flowers so true to nature. There are the peasants harvesting and drinking with equal gusto, painted by Pieter Brueghel the Younger in glowing colours and a vigorous line, as well as his misty winter scene with skaters, snow-covered roofs and black crows in bare branches. Jan Brueghel the Younger shows a crowd of villagers on a quayside. De Jonckheere Gallery, 21 Quai Voltaire (426 12314). Ends May 28

19th century pastels: A renewed, revigorated use of the pastel crayon technique, in complete break with its genteel 18th-century tradition, gives a sense of immediacy to Delacroix studies, to country scenes by Millet and portraits by Manet. It catches the movement of Degas dancers and women at their toilet and lights up Redon's inner visions. The Louvre, Pavillon Flore (4261 5410). Ends June 9.

Marie Laurencin: After a short flirtation with Cubism, Marie Laurencin, Apollinaire's love and Cocteau's friend, create an enchanted world of adolescent girls. The unchanging pale, oval shaped faces with expressionless eyes, the ethereal bodies amid flowers and flotating pink and blue gauzes could easily become too sugary but for the aura of Sapphic mystery. Gallery Malingue, 26 Ave Matignon (4266 6033). Ends June 21.

WEST GERMANY

Düsseldorf: Kunstverein Grabbeplatz 4: Josef Beuys water colours from a private collection. 250 paintings by the artist, who died in January, are shown for the first time. The exhibition covers the period from 1952-86. Ends May 25.

Tübingen Kunsthalle: Philosophenweg: Pablo Picasso. A retrospective of 200 masterworks' Pastels – Paintings – Aquarelles. This unique exhibition covers the period from the early years to the later works (1881-1973). It also displays his great variety of works on paper for the first time. Ends May 25.

Berlin, Nationalgalerie, Potsdamer Straße 50: Gerhar Richter. A retrospective of 100 oil paintings by this East German who has lived in Cologne since 1983. The works cover 1962-85. Ends June 1.

Berlin, Akademie der Künste, Hanseatenweg 10: Life Or Theatre? This exhibition displays 250 gouaches by Charlotte Salomon. She died, aged 26, in Auschwitz. Ends June 15.

Bayreuth, Iwalewa-Haus, Münzgasse 9: Art and Culture from the Congo and Zaire. About 300 paintings, cult and practical objects from the Colonial period to today. Ends June 29.

Hamburg, Kunsthalle, Glockengießerwall 1: Renaissance of the North. 110 German and Dutch paintings on loan from the Paris Ecole des Beaux-Arts. Among the artists are von Bouts, Dürer and Goltzius. Ends June 29.

BRUSSELS

Müsée Royale d'Art et Histoire: Taiwan-based painter Wong Liu-Sang. 40 paintings, of which 10 are by his pupil Chen Sian-Nan form this painter's first European exhibition. The artist will demonstrate traditional Chinese painting on June 18. Ends June 29.

ITALY

Florence: Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

Rome: Palazzo Braschi: (Piazza San Pantaleo): Edvard Munch (1863-1944): More than 250 works by the Norwegian painter from the Munch museum in Oslo and private collections. Death and illness became a dominant theme in Munch's works: Subjects such as Death In The Sickroom are reworked in oil, charcoal and pastel – each seeming more compelling than the last. Also on show is his extraordinary work The Scream painted in 1893, in which the scenery becomes a vortex for the central, anguished figure. During the 1890s, Munch moved away from realism and impressionism (there are three delightful paintings on show of Nice and St. Cloud) towards expressionism, a style which he used to express not only desolation, but also lyricism and passion. Ends June 1.

Venice: Palazzo Grassi: Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

NETHERLANDS

Amsterdam: Van Gogh Museum. 90 Whistler etchings from the Zelman collection follow the career of the brilliant eccentric from his Paris period, through the penetrating observation of London's dockland, the tranquility of the Venetian set, and closing with the late, dreamlike impressions of Amsterdam. Ends June 8.

SPAIN

Madrid: Contrasts of Forms. Abstract and geometrical art sponsored and recently exhibited at Moma, New York. 150 works by 20th century artists set out chronologically, offers a coherent display to 1980 with Braque, Leger, Picasso, Mondrian. Biblioteca Nacional, Paseo de Recoletos 22. (435 40 03). Ends June 30.

Madrid, Claude Monet (1840-1926): The greatest living French artist, as he was called, was an innovator who revolutionised the course of modern painting by playing a leading part in the creation of a new artistic movement: impressionism. 125 paintings on loan from private collectors and museums from all over the world will offer a good overview of his different artistic periods with a prominent representation of his most famous period at his home at Giverny. Meac – Museo Espanol de Arte Contemporaneo, Avenida Juan de Herrera 2. (449 71 50). April 29 – end June.

Barcelona. Max Ernst retrospective includes 125 works of the dadaist and surrealist painter. Fundacion Joan Miro, Parc Montjuic. Ends June 29.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte – Hoffman, Moser and Czeschka – many on public view for the first time. Applied Arts Museum, ends June 8.

NEW YORK

Japan House: Burghley House, with its the earliest known record of Japanese porcelains in Europe, provides a touring exhibit that will visit the High Museum in Atlanta and then Japan through 1988 with 205 Japanese and Chinese objects dating from the 16th to the 18th centuries. Ends July 27.

Museum of the City of New York: Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

Metropolitan Museum: Two centuries of Renaissance masterpieces from Nuremberg include 270 works in painting, sculpture, tapestries and illuminated manuscripts by Albrecht Dürer, Hans Baldung Grien, Veit Stoss and Adam Kraft. Ends June 22.

WASHINGTON

Hirshhorn Museum: 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

TOKYO

Antoni Cleve: 130 works by one of Spain's prominent modern artists. Tokyo Teien Museum, Meguro. This museum, with its art deco architecture and garden was once the home of a member of the Imperial family. Ends June 6.

Flowers and Birds: Paintings, ceramics and lacquerware with these motifs from the museum's collection celebrating its 25th anniversary. Suntory Museum of Art, Akasaka, close to New Otani and Akasaka Prince Hotels. Ends May 25.

Scenes of Spring: 10 works on hanging scrolls by Japanese artists Kano Tanyu, Shunso Hishida, Gyoshu Hayami and others. Okura Museum, at Okura Hotel. Ends June 15. Closed Mon.

Music

PARIS

Nouvel Orchéstre Philharmonique de Radio France and the Radio France choir conducted by Marek Janowski: Schumann scenes from Faust (Tue, Thur). TMP-Châtelet (4233 4444).

Murray Perahia, piano: Schumann, Britten, Berg, Beethoven (Wed). Théâtre des Champs Elysées (4723 4777).

Groupe Vocal de France conducted by Michel Tranchant: Debussy, Xenakis, Hugues Dufourt (Wed). Centre Georges Pompidou, Grande Salle (4278 7995).

Suzanne Chaisemartin, organ: Franck, Tournemire, Jean Langlais, Marcel Dupré (Thur). Sainte-Clotilde Church (4524 1516).

Merlet, piano, and Ensemble Orchestral de Paris, soloists: Mozart (Thur). Salle Gaveau (4563 2030).

NETHERLANDS

Amsterdam, Concertgebouw. Anton Kersjes conducting the Netherlands Philharmonic, with Miriam Fried, violin. Beethoven (Tue). The Cologne Rundfunk under Heinz Gesse and Jan Stülen, with vocalists. Nicolai, Lortzing, Offenbach, Léhar (Thur). (71 83 45).

Utrecht, Vredenburg. Recital Hall: The Schönberg Ensemble under Reinbert de Leeuw, with Dorothy Dorow, soprano. Dallapiccola, Webern, Schönberg (Wed). The Mendelssohn Trio, with Isabelle van Keulen, violin. Ravel, Fauré (Thur). (31 45 44).

LONDON

London Soloists Chamber Orchestra conducted by David Josefowitz with Mayumi Fujikawa, violin. Mozart. Queen Elizabeth Hall (Mon). (928 3191).

Philharmonia Orchestra and Chorus conducted by Simon Rattle with Elisabeth Söderström, soprano. Poulenc, Messiaën and Ravel. Royal Festival Hall (Mon). (928 3191).

English Chamber Orchestra conducted by Raymond Leppard with Cho-Liang Lin, violin. Stravinsky, Mozart, Saint-Saëns and Mendelssohn. Barbican Hall (Mon). (638 8891).

Northern Sinfonia of England conducted by Richard Hickox. Wagner, Schumann, Cowie and Prokofiev. Barbican Hall (Tue).

London Mozart Players conducted by Jane Glover with John Lill, piano. Mendelssohn, Schumann, Prokofiev and Mozart. Royal Festival Hall (Wed).

Philharmonia Orchestra conducted by Giuseppe Sinopoli with Barry Tuckwell, horn. Haydn and Strauss. Royal Festival Hall (Thur).

London Symphony Orchestra conducted by Yoel Levi with Ju Hee Suh, piano. Borodin, Tchaikovsky and Rachmaninov. Barbican Hall (Thur).

SPAIN

Barcelona, Musica Antiqua Festival continues: Monday: Gothic voices conducted by Christopher Page; Wednesday: José Miguel Moreno playing vihuela and guitar. Centre Cultural de la Caixa, Salo del Tinell, Plaza del Rey (301 11 04).

Leningrad Philharmonic Orchestra: Monday, Murcia's Polideportivo, Tuesday, Seville's Iglesia del Salvador, Wednesday, Colegio, and Thursday, Barcelona's Palau de la Musica Catalana, Amadeo Vives 1. (317 99 82).

VIENNA

Judith Williams, soprano, Ruth McGuire, organ. Bach, Händel, Mendelssohn. Karlskirche (Mon).

Alban Berg Quartet with Elisabeth Leonskaya, piano. Haydn, Bartok, Schumann. Konzerthaus Schubert Saal (72 12 11). (Tue and Wed).

TOKYO

Homero Francesch (piano): Scarlatti, Ravel, Brahms. Tokyo Bunka Kaikan Recital Hall (Tue). (237 9990; 980 6060).

Dezso Ranki (piano): Beethoven, Brahms. Showa Women's College Hitomi Memorial Hall, near Sangenjaya. (Wed). (235 1661).

Helmut Deutsch (piano): Beethoven, Debussy, Bartok, Franck. Ishibashi Memorial Hall (Wed). (235 1661).

The Cleveland Quartet: All-Bach programme. Yaesu Negu Hall, near Tokyo Station. (Thur). (271 1227).

NEW YORK

Bargemusic (Fulton Ferry Landing): Chamber music with Hamao Fujiwara, violin, Shigeo Neriki, piano, Lucy Shelton, soprano, Fred Sherry, cello. Beethoven, Shostakovich, Mandelssohn (Thur). Brooklyn (624 4061).

WASHINGTON

National Symphony (Concert Hall): Hugh Wolff conducting with Men of the Oratorio Society of Washington, directed by Robert Shafer. Beethoven, Stravinsky (Tue); Mstislav Rostropovich conducting, Milton Stevens, trombone, Loren Kitt, clarinet, Dotian Carter, harp, John Martin, cello. Lumbye, Parris, Weber, Debussy, Boccherini, Ravel (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestral Hall): Kurt Mazur conducting, Edith Wiens, soprano, and Chicago Symphony Chorus. Bach, Grieg (Thur). (235 8111).

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Philadelphia Story (Arena): Elinor Renfield, who last directed Peter Nichols's Passion Play here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (488 3300).

Loot (Music Box): John Tillinger directs this high-spirited revival of Joe Orton's 1966 macabre farce featuring Zoe Wanamaker as the homicidal nurse who romances a widower while buying his wife and conniving with their thieving son to hide the body. (239 6200)

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

Cats (Shubert): The national tour has stalled here while the T. S. Eliot lyrics and Andrew Lloyd Webber tunes take extra time with an extended run. Ends May 31. (977 1710).

International Theatre Festival: Britain's National Theatre brings The Cherry Orchard directed by Mike Alfreds and The Duchess of Malfi directed by Philip Prowse to a festival that includes an Israeli company performing Joshua Sobel's Ghetto, a Japanese company doing The Trojan Women and local groups like the Body Politic doing Larry Ketron's The Hitch-Hikers and the Immediate Theatre doing Lillian Hellman's Another Part of the Forest. Ends May 25. (644 3378).

TOKYO

Our Japan, Our Summit (in English): A revue by Albion-za. Tokyo's only resident professional English theatre. Comic sketches and music built around a fictitious Japanese family provide material for light affectionate satire. An excellent way to dissipate frustrations, irritations or bemusements – an antidote to the seriousness with which the Japanese view themselves. Starring Stuart Atkin, James House, Jeff Manning. Albion-za's intimate theatre, Ebisu. (443 3963).

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592).

Blithe Spirit (Vaudeville): Excellent revival of Noel Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 19 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

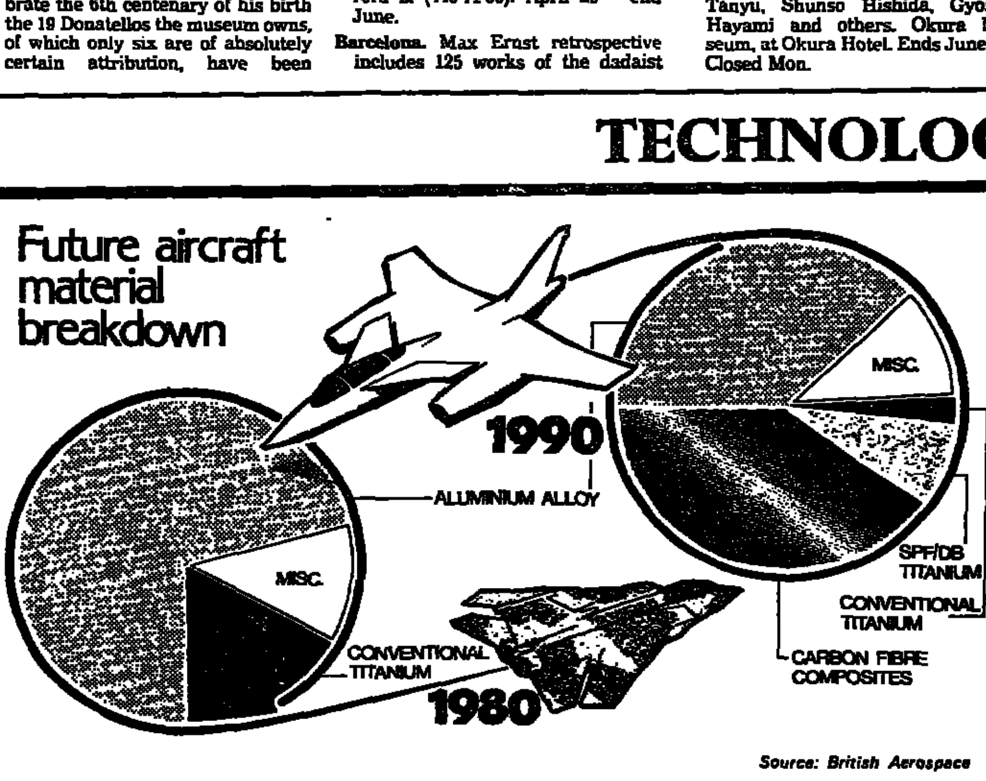
42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Continued on Page 17

TECHNOLOGY



Source: British Aerospace

Material changes in the way aircraft are built

Michael Donne reports as Britain's technological showcase prepares for take off

WHEN the £180m joint Government and industry Experimental Aircraft Programme (EAP) makes its first flight next month from British Aerospace's Warton, Lancashire, airfield, it will be the culmination of a research and development venture lasting several years, and designed to prove the capabilities of the UK aerospace industry across a wide range of advanced technologies.

These cover three broad arenas:

- Advanced structural design and manufacturing techniques, including the extensive use of carbon fibre composites and other advanced materials.
- The "fly-by-wire" system of electronic control of an aircraft in flight to ensure extreme agility in combat.
- Development of an advanced electronics cockpit aimed at relieving the work-load on the pilot, enabling him to devote more time to fighting rather than flying.

All three areas, although initially of vital significance in military aircraft, also have far-reaching long-term consequences for civil airliner development.

The EAP is effectively a "technology demonstrator," and not a prototype fighting machine. It is the only aircraft of its kind in the UK—there is no plan to build a second aircraft. A successful flight test programme is thus critically important, for hopefully it will prove that all the work done in these advanced technology areas over recent years is on the right track.

Although the EAP was not intended specifically to be the prototype of the projected European multi-national combat aircraft, now called the Eurofighter, it will demonstrate many of the materials and other technologies to be incorporated in the latter aircraft, and will effectively stand in loco parentis as a flight test vehicle until the first Eurofighter prototypes themselves become available around the end of this decade.

Many companies in the UK aerospace industry have been involved on EAP, including not only the Military Aircraft Division of British Aerospace and Rolls-Royce (whose RB-199 engines power the aircraft), but also Dowty, Ferranti, GEC Avionics, Lucas, and Smiths Industries, together with companies in Italy and West Germany.

In advanced materials and manufacturing techniques, BAe has been in the forefront of research and development of carbon fibre composites (CFCs) since 1970, when a batch of Jet Provost rudder trim tabs entered service with the RAF.

Since then, BAe's CFCs have been used on such combat aircraft as Jaguars, Tornados, Harriers, Swedish Saab Gripen JAS-39s, and now the EAP (wings, foreplanes, access panels and doors, cockpit floor structures and side panels).

BAe says that whereas in 1980, in aircraft such as the Tornado, aluminium alloys accounted for nearly three-quarters of military airframe structures, with conventional titanium alloys and other materials accounting for the rest, by about 1990, when the Eurofighter becomes airborne, close to one-half of the structure will be in CFCs, matching if not exceeding the volume of aluminium alloys, with titanium and other materials making up the remainder.

The EAP is intended to demonstrate the validity of such changes, including the use of so much CFC material in a military airframe, subjected to severe stresses and strains in flight.

The advantages of CFCs include a reduction of up to 30 per cent in manufacturing costs, due to a reduction in the number of detailed parts; an increased strength-to-weight ratio in those parts; a reduction in the volume of waste materials; and the ability to produce large, complex, curved shapes as required in advanced military aircraft.

This does not mean that metals are on the way out: far from it. Titanium will still be used in both the EAP and Eurofighter, together with new metal alloys such as aluminium-lithium, which has a higher degree of strength and stiffness than other aluminium alloys, but with a substantial saving in weight and a high level of corrosion resistance.

Allied with these new materials are new methods of handling them, such as super-plastic forming and diffusion bonding, as developed by BAe specifically for aircraft work.

Superplasticity is a phenomenon occurring when metals with a suitable micro-structure (such as certain alloys of aluminium, titanium and steel) are heated to about 50 per cent of melting point, when the metal can be formed into the complex shapes needed in aircraft structures.

The advangtages of super-plastic forming include a reduction in the number of detailed parts, with reduced manufacturing and assembly times, and thus reduced costs; considerable weight savings; and increased damage-tolerance and repair capabilities.

Similarly, diffusion bonding involves joining titanium alloys at critical temperatures so as to produce complex shapes that are competitive in both terms of cost and weight with carbon fibre composites and conventional aluminium alloys.

Supporting these developments, BAe has evolved a major advanced manufacturing technology programme, that includes not only the extensive use of computer aided design and manufacturing techniques (CAD/CAM), but also extensive automation in numerically-controlled machining—enabling the manufacture of complex parts up to 15 times faster than by conventional methods—and the automation (including use of Robotics) of other processes from the receipt of raw materials through to production of finished parts for direct assembly on the aircraft.

These systems in turn can reduce manufacturing times by up to 80 per cent, cut unit costs by up to 70 per cent, reduce the amount of work in progress at any one time by up to 90 per cent, and thus substantially reduce the amount of material stocks held.

The second major area of EAP advanced technology, fly-by-wire, is a system of controlling an aircraft's manoeuvrability in flight by electronic, instead of mechanical means, so as substantially to enhance its agility, which is vital in any combat aircraft.

Instead of conventional wires, rods and pulleys to move the control surfaces on wings, rudder and tailplane, electrical signals are sent to actuators which in turn move those surfaces. The control surfaces themselves, and even entire wing sizes, can be made smaller because they are more efficient, which in turn leads to reduced drag, requiring smaller, lighter engines burning less fuel to do the same job.

Until the arrival of high-speed on-board computers, this was but an aircraft designer's dream. Now, with fly-by-wire and the changes in aircraft design that can result from its use (called control-configuration), the pilot can manoeuvre his aircraft to the limits of its airframe strength without getting into difficulties, resulting in substantially improved agility. The sysem has been proved in a BAe Jaguar flying test-bed, and is now being incorporated on the EAP.

Although primarily of immediate value in military aviation, fly-by-wire also has considerable potential long-term benefit in commercial aircraft, where although comparable agility of aircraft manoeuvre is not required, a reduction in pilot work-load is of considerable significance, as are the structural weight savings that fly-by-wire generates.

Further significant advantages in flight control can be derived from the introduction of advanced electronic flight decks, where multi-function colour TV displays, associated with computer memory banks, reduce the mass of dials hitherto employed, and make life more comfortable for the pilot.

Such displays provide far more comprehensive and immediately available (at the touch of a button) information for the pilot about his aircraft's systems, such as engines, hydraulics and fuel.

In the EAP, such displays are being carried well beyond those already employed in such aircraft as the Tornado, or even in those commercial aircraft where electronic flight displays and flight management systems are already employed (for example in the Boeing 757 and 767 airliners, and the forthcoming Airbus A-320).

As a result of combining all the technologies, the EAP is one of the most advanced aircraft in the world, and certainly in Western Europe (the French claim that its rival, the Dassault Rafale, also due to fly soon, embodies similar advances in technology), across the entire spectrum of aircraft design and manufacturing techniques, as well as in operational performance in flight.

Everything employed in the EAP will eventually be embodied in the projected Eurofighter, and even carried to further extremes, because the research in all these fields has not ended with the completion of the EAP. It will be continued at an accelerating pace as the Eurofighter itself is developed, to the ultimate long-term benefit of all military and civil aircraft developed in Europe.

Seiko system offers information at the twist of a wrist

WRIST INFORMATION is the latest micro-wonder from Japan, in which Seiko has developed ways of using a wrist-worn "terminal" in conjunction with a personal computer.

Known as the RC1000, the unit, the size of a large wrist watch, is plugged into the RS232C socket of a personal computer, allowing some 80 miniature "pages" of information each of 24 characters to be down-loaded into the wrist unit in under 10 seconds.

Seiko describes this as "an ingenious way of carrying data which would normally be kept at home in a personal computer."

The RC1000 has various operational modes including ordinary timekeeping, a user definable storage facility, a schedule alarm (reminders about times of meetings, flights etc), and a world time display for up to 80 cities.

Seiko is offering a similar system, the UC2000, which includes a specially-designed computer controller, in place of the PC, with two-way transfer of data between the two by electromagnetic induction instead of a cable. More in the UK on 0628 34655.

UK ENGINE MAKERS Perkins and Petbow have both announced new electronics applications.

Perkins Engines in Peterborough has set up a computer-based communications link with its customers and suppliers which will give a faster and more flexible response to engine orders and a closer liaison with the company's manufacturing suppliers and customers. Austin Rover, JCB, Caterpillar and Hyster are among the first users.

Petbow has a new form of electronic control for its product, a range of diesel-driven electric generating sets. Designed for use on the generators, which range from 15 kW to 1000 kW, the system uses liquid crystal displays to show output in volts and amps and the percentage loading on each phase. There are also alarm displays for faults such as low oil pressure, high temperature, over-speed and overload.

WORTH WATCHING

Edited by Geoff Charlish

DANISH REFRIGERATION specialist A. Gramkow says it is now economical to reclaim refrigerant that would otherwise be wasted after test on refrigerator production lines.

The company offers purification systems working at 30 kg/hr, developed in conjunction with the refrigerant manufacturers (which have tested the systems). Gramkow says the fluid can be reclaimed to the same degree of purity as the freshly marketed product, that is, with a moisture content of less than 10 to 15 parts/million, without oil and non-condensable gases. Gramkow is in Sonderborg on 04 43 3636.

PRINTED BOARD computer-aided design (CAD) software is offered by KGB Micros, the Windsor, UK company which is also a major distributor of AutoCad, the US-designed top selling CAD program.

KGB claims that until now, printed circuit board designers have had to use an expensive mini or micro-based system to get a reasonable level of sophistication. The new software, called Hyboard, runs on the IBM XT or AT and costs £5,000 for all three program modules, covering circuit schematics, board artwork and automatic routing of the board conductors. More on 0753 850111.

TV pictures in miniature from Marconi

CATHODE RAY tubes only an inch in diameter which can produce an 800 line television picture, weigh only 100 grams and are under six inches long, have been developed by Marconi Osram Valve (MoV) company of London. A special power supply has been developed by Brandenburg, a British company which specialises in this field.

The small size and weight of the tube allows it to be mounted in positions not previously practicable—on a pilot's helmet for example, to provide him with flight data whatever the orientation of his head. The tube also has a low distortion display, is ruggedised and consumes only 10 watts from a 24 volt aircraft supply. MOV HQ in the UK is on 01-603 3431.

PRIVATE WIDE area networking is offered by International Computers in the UK, based on the international X25 standard for packet transmission and switching of data.

ICL has a range of switches, with network management software, supported by services for planning, design, implementation and training.

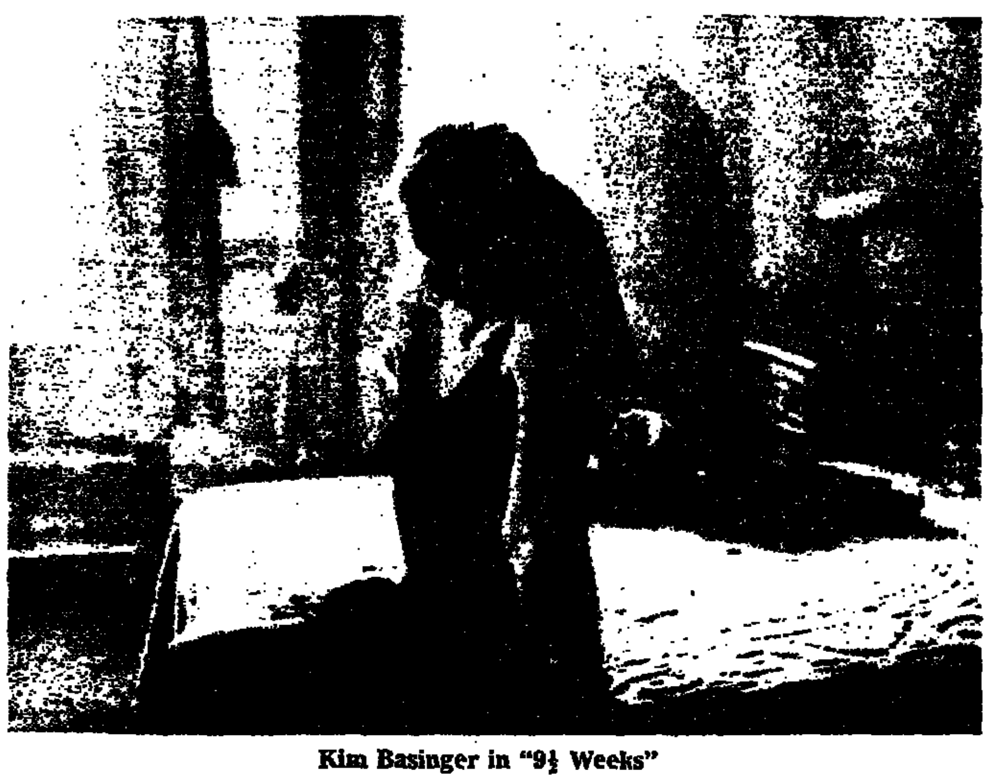
Called Ospac, the system is aimed at large organisations with several geographically dispersed sites that need to be linked up for computing purposes. More on 01 788 7272.

THE ARTS

Cinema/Ann Totterdell

Dead ducks, dead fish and deadly sex

9½ weeks directed by Adrian Lyne
Streetwalking directed by Joan Freeman
Slumber Party Massacre directed by Amy Jones
The Hitcher directed by Robert Harmon
He Died With His Eyes Open directed by Jacques Deray
Clue directed by Jonathan Lynn



Kim Basinger in "9½ Weeks"

For sex *on* the screen to work it must be presented as a challenge, forcing audiences to confront not just cinematic images but their own image of themselves. Which is why directors like Bertolucci, Oshima and Roeg make films that transcend vulgar labels—not sex films but films about sex. Attempting to keep company with them and to bring a more dangerous view of sex into the mainstream, Adrian Lyne (English director of *Flashdance*) is immediately defeated by compromise with *9½ Weeks.*

Set in a New York that is often richly unrecognisable under the photographic direction of Peter Biziou, the film's title refers to the duration of a love affair between reserved art dealer Liz (Kim Basinger) and John (Mickey Rourke), a commodities broker with chic, cheek and an unorthodox personal life.

Another woman might have called it a day when he playfully stranded her on top of a ferris wheel but, simultaneously attracted and disturbed by his babying and abusing, she keeps coming back for more—blindfoldings, dressing up, shoplifting, spoonfeeding, sex in public places—until she is completely under his control.

Though it is implied over and over again that the relationship is based on sado-masochism there is nothing left on screen to confirm it. The film has obviously been drastically cut leaving only harmless if extrovert games-playing that fails to support Lyne's argument that physical and emotional violence can fuse into an imprisoning obsession.

Maybe if he'd resisted the urge to prettify all his images and then alternately undermine or over-emphasise his points with a heavyhanded music score, Lyne could have liberated his narrative and told us the truth.

Instead we have 116 minutes (it feels longer) of lyrical emptiness punctuated for some inexplicable reason with constant peripheral references to animals: dependent dogs, predatory cats, dead mice and wooden birds.

On the day Basinger and Rourke meet she watches a fish struggling on a fishmonger's slab. At the moment she realises she must break free from Rourke the saintly old artist she is visiting is clutching a dead fish. By which time I had concluded that I was watching a dead duck.

★

At least we are spared such pretensions in *Streetwalking.* At the opposite end of the social scale to Lyne's lovers, Cookie (Melissa Leo) is a naive provincial girl who runs away to New York after being abused by her stepfather and is easily drawn into a life of prostitution.

When she tries to leave her psychopathic pimp lover for a new protector she triggers off a war between rival pimps with predictably violent results. If the film has a theme it is one of betrayal; even the prostitutes can't stand by each other when it comes to the crunch.

It is a pessimistic story containing little that is fresh but nevertheless it is definitely the better half of a double bill. The title of its partner, *Slumber Party Massacre,* directed by Amy Jones, says it all. A group of high school girls have a slumber party and most of them get massacred by an escaped driller killer.

Again it is predictable stuff with little humour and a lot of blood, the usual study of penis envy translated into an 18-inch drill whose battery never goes flat.

The unifying theme of the programme is that both films are exploitation subjects directed by women. I can accept that Joan Freeman and Amy Jones, both protegés of Roger Corman, sincerely felt these films were their only route to a directionial break, but it is a pity neither has managed to turn the genre on its head or extract any sort of real revenge.

Joan Freeman may survive to make a film with a little more dignity than *Streetwalking*—her rather dull story is at least handled with competence and at a stylish pace.

Amy Jones's second film, *Love Letters,* has already opened here and confirmed her as a rather uninspiring director, even when she provides herself with better material.

★

A wide choice this week: sex, violence—or sex *and* violence. *The Hitcher,* yet another exploitation movie, comes into the second category. C. Thomas Howell plays Jim Halsey, a young man driving to California who picks up a hitchhiker (Rutger Hauer) and narrowly escapes being knifed by him.

From then on it's a race against time to convince the authorities that there is an insane killer decimating the population with, of course, the evidence stacking up against the wrong man so that Halsey finds himself a fugitive insteaed of a hero.

It is the sort of film one suspects has been written by a committee. Find the ingredients first: a violent stranger, guns, knives, severed limbs, plenty of flaming cars, dead policemen and a crashing helicopter, top it all with a really nasty fate for some poor female —and then concoct a plot to hang them on.

There's a sugestion that some subliminal rapport has evolved between the Hitcher and Halsey. Let us hope that doesn't mean *The Hitcher II* is imminent. Another directorial debut, this time for Robert Harmon, well supported by director of photography John Seale who makes the desert locations seductive and sinister even when Harmon lets the pace sag.

★

There aren't so many corpses in *He Died With His Eyes Open,* a sub-titled French thriller in which the detective hero Staniland (Michel Serrault) becomes obsessed first by an unusual murder victim and then by the victim's elusive mistress (Charlotte Rampling).

Becoming enslaved by your number one suspect doesn't seem like very professional conduct but Staniland is a unique kind of detective. Unfortunately Michel Serrault's performance alone cannot bring this film to life. Disappointingly directed by Jacques Deray (who made *Borsalino*) the result is atmospherically and visually rather flat.

★

Catching up with *Clue* at a local cinema provided some light relief. Basing his plot on the board game Cluedo has given writer/director Jonathan Lynn an unabashed excuse for introducing cardboard cut-out characters in stereotyped situations. This house party mystery in which everyone has a motive for killing the blackmailing host is more farce than thriller since it is impossible to care who dunnit.

Choreographed rather than directed, the excellent cast (including Lesley Anne Warren, Martin Mull, Tim Curry and Eileen Brennan) might have lifted the film out of the ordinary if only the humour had been less laboured. It may well make better viewing when it turns up on television.

Chess/Prince Edward

Michael Coveney

Alastair Muir

Elaine Paige and Tom Jobe

It is exactly 100 years since Steinitz crowned himself the first world champion of chess, and the sport that is Soviet Russia's chief pastime is now the subject of a decadent Western musical written by Tim Rice (lyrics) with Benny Andersson and Bjorn Ulvaeus (music), directed by the showbiz Shakespearian Trevor Nunn, lit by David Hersey and designed by Broadway's Robin Wagner (sets) and Theoni V Aldredge (costumes).

The first half is set in the Italian mountain village of Merano, the second in the hotels and temples of Bangkok. "The Sound of Kismet," in fact, would not be too sarcastic a description, for the cold war of a Red-bashing temperamental American champion and the warm, well-behaved Russian challenger is merely the background to a rather muddled romantic story involving Elaine Paige as Florence, the American second, who falls in love despite conflicting ideologies. Elton John's "Nikita" video said it all more pungently in five minutes.

The story was confusing on the original album — which contains two first class charttoppers, "Bankok" and "I Know Him So Well" — and Mr Nunn and company still fail to elucidate why the Russian wife of challenging Anatoly is such a pain; what exactly is the political manouevring behind the exchange of Florence's father (not seen by her since she fled Budapest in 1956) for the Soviet redemption of Anatoly; or why Murray Head's histrionic mixed-up kid of a defeated champ should turn up in Bangkok as turncoat media commentator before feeding tips to Anatoly on his Indian defence.

In Bangkok, Anatoly is playing a new challenger (a Soviet nonentity whom we never see) having defected to England for love of Florence. In Mr Head's first act tantrums there are echoes of Bobby Fischer's behaviour in the 1972 championship, and elsewhere the plot contains obvious echoes of Karpov and Korchnoi. But Korchnoi's complaint never ran to reprising a lot of Abba-style deadwood recitative that only reminds one of how good *Jesus Christ Superstar* was in that respect, and how dated and dramatically inert much of this sounds.

Unhampered by any such misgiving, Mr Nunn transforms the material into a fine spectacle of chorales, operatice domestic scenes and *Evita*-like bobbing company tableaux, none of it as brilliantly distinctive as Hal Prince's work on the latter show, all of it superbly sung and, above all, lushly orchestrated and ingenously manufactured through the sound system.

The stage lifts and tilts, the squares light up in bars and for the climactic all-Russian match, by now relegated to a diplomatic charade in the love triangle, the company assemble in severe black and white costumes intoning the names of past grandmasters through to Petrosian and Spassky.

The one performance that stands out is Tommy Korberg's as Anatoly, an immediately sympathetic performance that free-wheels expertly through the Abba whirligig of crashing chord sequences to register a defiant cry on behalf of the patriotic exile. At such moments, of which there are too few, you recall that Mr Nunn's last anti-Soviet musical, *Every Good Boy Deserves Favour* (with Messrs Previn and Stoppard) gave impassioned expression to the dissident's plight.

The proceedings are monitored and supervised by Tom Jobe as an athletic Arbiter who makes the most of his item with the other judges even if he does resort to outrageousness. It is hardly his fault that he resembles a disco-dancing Scandinavian maniac in the Eurovision Song Contest. The diplomatic wheels are oiled and then clogged by John Turner as the Russian second, Kevin Colson as a broadcasting executive.

The media hype and pressure on the contestants is conveyed by a battery of TV screens (all 128 of them, that is twice times the 64 squares) and the excited introductions by none other than former newscaster Robert Dougall (the admirable fellow who gave up reading the news because it was all so terrible).

Miss Paige, as usual, sings fit to burst, but she lacks a clinching element of emotional warmth (and should change her hairdresser), a quality you feel unthriftily squeezed out of Siobhan McCarthy's inpenetrable spurned wife. Still, their duet confirms the song as one of the best pop numbers of recent years, thrilling in its undercutting syncopations, melodic thump and structure.

The show is extremely theatrical but, paradoxically, lacks a true sense of theatre, as signalled by the ornate Chinese chess ballet prelude, a needless device echoed by the relaxed Thai jinks after the interval. Not too many complaints about Mr Rice's lyrics this time, some of them of almost Gilbertian wittiness.

Lontano Ensemble/Elizabeth Hall

Paul Driver

The Lontano Ensemble has switched its base for the time being from St. John's, Smith Square to the Queen Elizabeth Hall. There, on Wednesday night, directed by Odaline de la Martinez, it gave the first of a pair of concerts each comprising a piece by the young English composer Steve Martland and two other items: Constant Lambert's Concerto for piano and nine instruments and Richard Rodney Bennett's *Jazz Calendar* on Wednesday; Ravel's *Chansons madécasses* and Boulez's *Marteau san Maître* follow on June 2.

The Lambert concerto is one of only two of his productions likely to retain permanent interest (the other being *The Rio Grande).* It is a substantial three-movement construction, marked by an individual fusion of blues harmony, jazzy rhythms and classical proprieties, and shot through with an extreme melancholy: it was written in 1931 in memory of the composer Peter Warlock who had gassed himself.

The pianist Shelagh Sutherland made rather little colouristically and dynamically of her extensive solo passages, often unaccompanied; and if she managed to keep alive her choppy rhythms she failed, for instance, to capture the magic of the last movement's final bars—a sudden dying fall of intense pathos. Nor was one much more encouraged by the general interpretation of detail and structure: the English wistfulness, elegiac nuances, even the jazzy flourishes of the music would have had keener and more fulsome effect if an even, under-emphasised, more relaxed approach had been found. Instead, the main ideas came over as too literal or explicit, and slightly disrelated. The "Lugubre" character of the finale was grossly exaggerated.

Steve Martland's *American Invention*—which had its première at last year's Aldeburgh Festival—is a protracted exploration of Dutch-minimalist jabbing rhythms and the odd sustained chord for relief, scored for noisy ensemble including rock-percussion and electric guitar. Compared with other Martland works I have come across (for example *Remembering Lennon,* to be heard in the next Lontano concert), this one seemed limited in scope and material.

Jazz Calendar, composed in 1968, and a Frederick Ashton ballet score of the same year, occupied the whole second half with its pallid resumé of various jazz styles. Nothing classically-influenced, redolent of "crossover" here — just castrated pure jazz.

Joy at Kenwood and Dulwich

Two of London's most attractive public art galleries have just enjoyed celebrations. Dulwich Picture Gallery in south London announced the achievement of its £500,000 appeal, and £50,000 more, to secure its premises and its future, and the return of its masterpieces from a fund-raising visit to the US, while Kenwood has celebrated its new ownership by English Heritage by acquiring a landscape by the 17th century artist Gaspard Dughet for a modest £35,000.

It is now on view. Kenwood hopes to complete its recruitment of additional keepers in the near future to ensure uninterrupted access for the public.

Les Grands Maîtres/Festival Hall

Dominic Gill

The last of the Royal Philharmonic Society's concerts under the collective title of "Les Grands Maitres Francais" was played on Wednesday evening by the Bournemouth Symphony Orchestra under Louis Fremaux. It has been a worthy series, and during its course a number of minor and major rarities have been revived. On this occasion it was a pleasure to hear Bizet's exuberant overture *Patrie!* given with such easy, incisive confidence—and without a trace of apology for the vulgarity never far from (and once or twice distinctly near) the music's surface.

Fremaux's account of Satie's little *Gymnopédies* in Debussy's orchestration — illuminated by the silken oboe playing of Andrew Knights (who must already be ranked among the three or four finest of our orchestral oboists)—was a delicate, amorous interlude before the evening's chief rarity. Vincent d'Indy's *Symphonie cévenole,* also known by its full title *Symphonie sur un chant montagnard francais,* is a glowing, uninhibited evocation of a mountain song from the Cévennes — but of far more grandly Wagnerian stance (if not Wagnerian flavour) than the association would suggest.

It is made, essentially, of pretty slender stuff: but d'Indy spins it out with ingenuity and with the sweetest good humour. There are some tougher ideas too lurking just below the shimmer (notably some masterly Lisztian thematic transformations)—sharper, crisper attack from the solo pianist Michel Dalberto might have added, in the finale especially, a little more glitter.

Saint-Saens's last and most splendid symphony, no 3 in C minor — "this imp of a symphony has gone up half a tone: it didn't want to stay in B minor, and is now in C" — was commissioned by the Philharmonic Society and given its première under the composer at St James's Hall almost exactly 100 years ago. The Bournemouth Orchestra's performance had an energy and a sunny clarity that served the symphony well. The lovely D flat slow movement, unfolded by Fremaux broadly *nobilmente,* was especially stirring. The little fugato before the finale was alive with rhythmic bounce; and the finale itself, fanned to a blaze by the organ, was a vivid conflagration.

Incident/Riverside Studios

Martin Hoyle

Epigonenteater zlv is a Belgian performance-art group. It is also a possible entry for the next Olympics, to judge by the 90-minute rigorous training session disguised as theatre currently showing in Hammersmith until and including Sunday, providing that nobody has broken their neck, sprained their ankle, been stunned by the punchbag or decapitated by the swing.

Offstage voices in a wordless chorale accompany the slow illumination of a backdrop of what looks like Liberty curtain fabric, in front of which two couples stand. The men are po-faced, the girls begin to smile. Eeventually all four rock with silent laughter which is suddenly switched off with the music.

Alone on stage, Afra Waldhör reads out dictionary definiitions of "love." The odd tic, scratch and fumble betray a mounting excitement which culminates in her stripping off her clothes. At the entry of an expressionless young man she at first coyly, then resignedly, dresses again. The show then gets down to business: images, variations, arabesques and doodles on the meeting of the sexes. Miss Waldhör instructs her passive partner in various forms of embrace. When mistimed, these result in collisions.

The links between miscalculated tenderness, hostility and the undignified pratfall are emphasised throughout, notably by Simonne Moesen when, dressed as a bride, she attempts an erotic bravado while constantly slipping, sprawing and falling flat on her face. She somehow ends this turn hanging 25 feet above the stage before sliding down the swing's rope, and illustrates the company's extraordinary physical fitness and hair-raising precision of spatial judgment.

This emerges brilliantly from the heart of the show. For a good 15 minutes the actors run round and round the stage, sometimes slapping at the punchbag that, suspended from a long chain mid-stage, seems to pursue them with a life of its own. The four ring variations on comradeship, rivalrly, courtship, maturing. One couple finds fulfilment, via the trapeze, when he dangles upside-down by one foot and she looks on adoringly. The conclusion finds Miss Moesen la-la-la-ing forlornly in front of the Liberty curtain. Erick Clauwens and Mark Willems are the men in the immensely likeable group. Jan Lauwers directs; and Geert Van Boxelaere is credited with the physical training.

Continued from Page 16

Opera and Ballet

ITALY

Rome: Teatro dell'Opera: La Bohème, conducted by Daniel Oren and directed by Pierluigi Samaritani, who also designed the scenery and costumes. The cast includes Nelly Miricioiu, Francesco Araiza and Alessandro Corbelli. (46 17 55).

Turin: Teatro Regio: Turandot, Eva Marton sings the title role. The scenery is designed by Josef Svoboda (548 000).

Genoa: Teatro Margherita: Tannhauser conducted by Milan Horvat includes Richard Vesalle (alternating with Spas Wenkoff, Siegfried Lorenz, Karl Ridderbusch, Jeannine Altmeyer and Marita Napier. (589 329).

Naples: Teatro San Carlo: The Barber of Seville, conducted by Bruno Bartoletti and with Margarita Zimmermann. (418 266).

PARIS

Mozart Festival, Le Nozze di Figaro. Orchèstre de Paris conducted by Daniel Barenboim, Paris Orchestra choir conducted by Arthur Oldham, in Jean-Pierre Ponnelle's production, is co-produced with the Washington Opera and the Théâtre des Champs Elysées at the Théâtre des Champs Elysées, 7.30 pm (4723 4777).

NETHERLANDS

Amsterdam, Stadsschouwburg. Fidelio performed by the Netherlands Opera and directed by Harry Kupfer, with the Netherlands Philharmonic under Edo de Waart. Luana DeVol as Leonore, and Günter Neumann as Florestan, (Mon, Wed). (24 23 11).

Arnhem, Schouwburg. Opera Forum with Tchaikovsky's Eugen Onegin directed by Jan Bouws and conducted by Alun Francis, with Thea van der Putten, Hein Meens and Henk Kreukniet (Tue, Thur). (42 27 41).

Amsterdam, Stadsschouwburg. Duets for ballet and music danced by Alexandra Radius and Han Ebbelaar, with Christiaan Bor, violin, and Fréderic Meinders, piano (Tue). (24 23 11).

SPAIN

Madrid: Die Walküre with Montserrat Caballe and Siegfried Jerusalem, Kurt Moll, Hans Sotin, Johanna Meier. Teatro de la Zarzuela. Jovellanos 4. (429 82 16).

Barcelona, Edip I Jocasta by Catalan composer J. Soler. World premiere of opera version with composer's assistance. Enriqueta Tarres, Jerzy Artysz and Enric Serra. Gran Teatre del Liceu, Sant Pau 1. (318 92 77).

Valencia, Cullberg Ballet: Giselle. Teatro Principal, Barcas 15 (351 00 51).

VIENNA

Staatsoper: Manon Lescaut; Madame Butterfly, conducted by Kulka, with Watanabe; Cavalleria Rusticana; Pagliacci; Götterdammerung with Jones, Balsen, Ludwig (53 24/26 55).

Volksoper: Die Zauberflöte, conducted by Bauer-Theussl; Die Csardasfürstin conducted by Bibl; Das Land des Lächelns; The Barber of Seville. (53 24/26 57).

NEW YORK

New York City Ballet (New York State). Lincoln Center (870 5570).

American Ballet Theatre (Opera House): Mikhail Baryshnikov brings his company to its two-month spring season with four new works choreographed by Kenneth MacMillan, John Taras, David Gordon and Karole Armitage, which join the repertory that includes The Nutcracker, Don Quixote, Giselle and La Bayadere. Ends July 5. (362 6000).

Saleroom/Antony Thorncroft

Record in haystack

Christie's could not quite match Sotheby's great success with its Impressionist and modern picture sale on Tuesday night but its auction on Wednesday did reasonably well, totalling $16,644,100 (£10,601,337) with 21 per cent unsold.

One of Monet's famous compositions of haystacks, "Meules", made the top price of £1,611,465 to an American private buyer but the opportunity that the decline in the value of the dollar offers to foreign collectors was apparent in the Japanese bidder who secured "Baigneuse" by Renoir for £910,828, above forecast, and a Monet, "Petites iles de Port-Villez," for £525,477.

There was even a successful English buyer who paid £630,573 for a Henry Moore "seated woman" cast in 1956-57 in an edition of six. It was sold by the Trustees of the Hirshorn Museum and Sculpture Garden to benefit its acquisition programme, a positive approach missing from most British museums and galleries. A white marble "Grand cardinale in Marmo" by Giacomo Manzu sold for £140,127, a record for the artist.

Sotheby's continued its achievements in its follow up sales and all told brought in over $40m from this market, $1m above its high estimate. Among the drawings and watercolours "monsieur Prince," a portrait of the entertainer by Toulouse Lautrec, sold for £186,859, and a portrait of the Hon Sir Fleetwood Pellow by Ingres, made £183,333. There was an auction record for a Daumier drawing of £162,179 for "la defenseur a la barre," a typical courtroom scene.

A marble statue of a jester attributed to Sarah Bernhardt, and certainly signed by her, sold for £21,600 at Christie's yesterday, just within its lower forecast. Bernhardt, famous for playing Hamlet and for performing with just one leg, had a reputation as a sculptress, and in 1879 had a show at 33 Piccadilly in order to raise money to buy "two little lions." In the event she made only enough to afford a leopard and this object, believed to be Yorick from Hamlet, failed to find a buyer. It subsequently went to the US.

Top prices in the morning session in a sale of the arts and crafts of the 19th century was the £23,760 paid by Hewat Jaboor for an early Victorian gothic revival refectory table, the central part of the High Table of Pembroke College, Oxford. The top estimate had been £8,000. The same buyer paid £19,440 for a pair of ormolu mounted kingwood ebony snakewood and marquetry tables which were in Windsor Castle in 1866.

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Friday May 16 1986

Paris drops its purse strings

AFTER A period in which it seemed slow to put its economic promises into effect, France's new Government of the right yesterday moved surprisingly far and fast in giving greater freedom to the country's financial system. In doing so Mr Edouard Balladur, Finance Minister, is seizing a chance he created for himself with his timely move to lower the parity of the French franc within the European Monetary System.

The subsequent popularity of the franc has enabled him to abolish France's equivalent of the overseas investment dollar premium and to give French finance directors freer international rein without fear of the immediate exchange rate consequences. It has provided a climate of falling interest rates in which to move towards a market-based interest rate system and further reduction of the state's role in limiting and allocating the volume of bank credit.

The decisions do not come as a sudden shock. They build upon intentions already stated and, indeed, on the inclinations of the previous, socialist government. Neither the interest rate regime nor that of foreign exchange are left free by these changes—a Frenchman, for instance, will still not be able to open a bank account wherever he likes.

Nevertheless, what we are watching unfold here is a revolution. It is the equivalent of the British move towards credit decontrol of the early 1970s and the British abolition of exchange controls in 1979, all rolled into one. And this double-liberalisation is taking place in a country that has assumed that Paris's control of the purse strings is a national characteristic, not an aberration imposed by ideology or difficult times.

Bold steps

These changes will pull France firmly into the mainstream of world finance. Among the group of five big industrial countries, only Japan will be left with a dirigiste internal financial system. They are a big step towards the European Community's original presumption of a *free internal market* for capital and credit allocation. They will test the oft-stated allegation that the EMS functions smoothly only because France and Italy dampen disruptive forces with their exchange controls.

Incomplete though they are, these bold new steps prompt doubts whether the French fully realise what they are unleashing upon themselves. The private sector will feel disorientated as it moves into a financial world in which clearance is not necessary, guidelines no longer apply and government-subsidised cheap credit less easily fixable. The *hauts fonctionnaires* may find themselves reaching habitually for Colbertist levels of power—and discovering they are no longer there. For finance was surely the means by which they brought the private sector to heel in pre-nationalisation France.

The recent history of financial liberalisation suggests that it usually produces its own baptism of fire. Competition and credit control led to the secondary banking crisis in the UK. Interest rate deregulation punctured a lot of comfortable assumptions in the US credit industry. The removal of exchange controls in the UK led inexorably to the Big Bang in the City of London.

Strange experiment

This lightning always strikes in unpredictable fashion. But one suspects that the French banking industry will have to learn to operate in less labour-intensive fashion if it is to adjust to the squeeze between competitively determined rates and less subsidised lending rates. Equally, the Government will find itself having to provide, or deny, overt subsidy to hard-pressed borrowers—say in agriculture — which the depositor has invisibly subsidised up till now. The cost and extent of government intervention in industry will become much more visible.

These warnings are not criticisms. The French Government has a very thin majority and is ruling in a strange constitutional experiment, yet it is managing to be far truer to its stated principles than the government of President Giscard d'Estaing which preceded President Mitterrand's.

Provided the Government can keep inflation under control, it will give great long-term benefit to French indusry in allowing its managers to operate as free agents, unpampered and unconstrained.

The Afghan dilemma

PROSPECTS for peace in Afghanistan look better than at any time since the Soviet invasion in 1979. That does not alter the fact that they are exceedingly slim. Moreover, the price the West and the Afghans themselves would have to pay may be heavy.

Several signals from Moscow have suggested that the Soviet Union would like to end an adventure that has cost the Russians dear in blood and in credibility in the Third World. The Soviet press has urged the pro-Moscow regime in Kabul to broaden its base by taking in representatives of traditional tribal and Islamic forces. That may have inspired yesterday's announcement in Kabul that the regime would seek to strengthen itself with support from "national patriotic forces."

On the other hand, there has been little sign of a let-up in the Soviet military effort. The least one might suspect is that important forces in Moscow, and especially the military, object to anything that might look like the failure of their invasion.

Superpowers involved

The suggestion that something like a coalition should be set up in Kabul to mollify the mujahideen resistance against the Communist Government has been cited as a signal that Moscow is willing to seek the "finlandisation" of Afghanistan. That would mean the establishment of a regime friendly to Moscow, but independent of it, and friendly, also, to the West.

Equally, the suggestion for a broader regime in Kabul could mean that Moscow is looking for stooges to lend a mantle of respectability to what, in fact, would be Soviet suzerainty over Afghanistan. The post-war coalitions which Stalin tolerated in eastern Europe as long as it suited him show what is meant.

Such are the uncertainties overhanging the current talks in Geneva where Mr Diego Cordovez, an under-secretary-general of the United Nations, is trying to arrange a settlement between the Kabul regime and Pakistan. The latter comes into it because it has received 3m refugees from the Afghan war, because it has suffered air and other raids in the border area, but also as the ally of the US. Indirectly, therefore, both superpowers are involved.

Agreement has been tentatively reached on several important issues. But there is none on the timing and speed of a Russian withdrawal from Afghanistan. The wrong agreement on this matter would merely deliver Afghanistan to the Russians.

The same would happen if the West were unwilling or unable to ensure that a settlement turning Afghanistan into a buffer state was actually enforced. The US has signalled its willingness to guarantee a suitable agreement, but one may legitimately ask whether that is enough. The Soviet Union is closer to Afghanistan and has more immediate interests at stake than the US. If an agreement were to come unstuck, the Russians would be much better placed to reassert themselves.

Even if one postulates that Moscow is fully sincere in wishing for a settlement acceptable to all, there is the lesson of history. Afghanistan is riven by tribal rivalries which are always liable to get out of hand and to drag in outsiders. Whatever emerges from Geneva is liable to be nullified sooner or later by the internal instability of the country.

On any hard headed analysis, therefore, the West has no overwhelming reason for releasing the Soviet forces from attrition in Afghanistan. Nor is there a western interest to release Moscow from the odium its invasion has attracted in the Third World and, in particular, in China.

Veiled surrender

On humanitarian grounds the argument runs differently. There is a chance, however slight, to stop the killing without an open or veiled surrender to Moscow of a people which has demonstrated its wish for independence. Clearly there is a strong moral case for seizing upon such a chance in the hope that all may end well.

Unfortunately there is much evidence to suppose that the chance of a lasting settlement is a chimera. Without very firm guarantees of Moscow's goodwill, the West runs the danger of making concessions without lasting adequate returns for itself or for the Afghans.

AFTER CHERNOBYL

A new sense of obligation

By David Fishlock Science Editor

CHERNOBYL was the accident for which no one was prepared. It has exposed weaknesses in the international organisation and management of an industry which is not so much secretive, as its critics often say, as aggressively nationalistic.

Chernobyl showed no respect for national boundaries. Fallout from the overheated reactor has evidently contaminated at least a score of other countries in Europe, most severely those of the Soviet Union's own Comecon partners in a nuclear power pool making and distributing electricity.

It raised the level of background radiation even of Britain, more than 1,200 miles from the reactor, sufficient for Mr John Dunster, the Government's chief adviser on radiological protection, to predict a few tens of extra deaths from cancer over the next 50 years. In time traces of the accident will spread worldwide.

Safety in engineering design is deeply rooted in those nations with a highly developed engineering tradition. Scores of ways of combining the three essential engineering ingredients of any nuclear reactor—a fissile fuel, a coolant to carry away the heat of fission, and a moderator—were proposed in the early decades of nuclear energy.

The handful of survivors are *those which warranted unremitting* efforts by a country with deep engineering traditions, until they arrived at both a secure and a reproducible reactor for an acceptable price. Canada has done it with its Candu reactor but the product is unacceptable to safety and licensing authorities in the US and Britain. Britain has done it for its advanced gas-cooled reactor (AGR), at a cost which is unacceptable anywhere else.

Wet Germany, France and now Britain have all taken the US pressurised water reactor (PWR) and applied their own safety traditions. The result is significantly different versions of the same basic reactor concept; as different as a Rolls-Royce version of the four-stroke engine is from that in a popular make of car.

The Russian version of the PWR has been bought by only one western nation, Finland, which managed the safety side of the design and says it introduced major changes, discarding all Russian electronics and adding a containment the Russians said was unnecessary.

The RBMK reactor, the type used at Chernobyl, is a reactor invented—as were those in the US, Britain and France—as a plutonium-producing system for weapons. The Russians, who for 20 years have staunchly supported the principles of discouraging proliferation of nuclear weapons, recognised how easy it would be to misuse the RBMK compared, say, with the PWR. It has refused to sell or license the RBMK design even to other Comecon countries.

We can now be sure we know where the accident at Chernobyl began even if we still do not know precisely the operating circumstances which brought it about. The gap in understanding may lie in the fact that the Russians have not been forthcoming about detailed design and operating data for the RBMK.

Ironically, it also emerged this week that the International Atomic Energy Agency in Vienna, whose inspectors were admitted to Russian reactors for the first time last summer, turned down the chance of visiting Chernobyl—in favour of visiting installations they believed were more relevant to international interests.

Mr Mikhail Gorbachev, the Soviet leader, confirmed western suspicions on Wednesday that the accident began in the RBMK's core, and was not initiated by any external event such as a turbine failure or an explosion in ventilating plant. He attributed it only to a sudden surge of power in a reactor reduced to only 7 per cent of its output—in effect, shut down—for maintenance work. Russian practice appears to be to maintain this low level of heat output during "shutdowns" to facilitate rapid return to full power.

This sudden surge of nuclear activity—in effect, at least part of the reactor "went critical" again—is most convincingly explained by a rupture of a pressure tube perhaps at a weld. A zirconium-to-steel weld at the top of the pressure tube had apparently given the Russians some worries.

So a minor mishap while operators were loading or unloading fuel may have started the rupture, releasing superheated steam at the face of the graphite fuel channel which, because of the surge in nuclear activity, was becoming extremely hot. At about 1,000 degrees C graphite will "crack" steam into hydrogen and carbon monoxide, a potentially explosive mix.

More precise details of these events may be hard to ascertain. The two people who probably knew most, working in the reactor hall high above the core, were the first to die.

British nuclear engineers and scientists have come closer than most to the RBMK because in the mid-1970s they perceived a likeness between this pressure-tube system, already then operating at 1,000 Mw output at the Leningrad station, and the 660 Mw steam-generating heavy water reactor they were trying to design.

The Central Electricity Generating Board has reassessed the evidence gleaned by a visit organised by the British Nuclear Forum and what has been learned, to try to pinpoint the cause of the accident and any relevance it may have for British reactors.

In a report dated March 1976, the UK experts highlighted seven big deficiencies in RBMK design, judged against UK safety and licensing criteria. Their worries included lack of emergency core cooling should a pressure tube burst; and lack of a full containment, such as was planned for the British reactor. They were worried by a feature of the Russian design known as "positive void coefficient," which means that if the coolant is lost the reactor's nuclear activity can increase.

In contrast, the AGR or PWR will simply shut themselves down.

Again, they were worried about the high operating temperature of the graphite core, which at 700 degrees C is red hot. This is much higher than the peak for the AGR, and increases as the reactor ages, to exceed 1,000 degrees C.

They also concluded that the pressure tubes fitted too tightly into the vertical channels through the graphite core, leaving too little room for escaping steam should a pressure-tube burst.

Given that the design is so different from western reactors, the main aspect with which nuclear power authorities outside the Soviet Union are wrestling at this stage is whether western reactors are adequately "contained" to meet every contingency. This is not one likely to be resolved quickly, since some reactors still running are nearly 30 years old, antedating ideas of any containment. But the uncontained reactors are much smaller and of lower power rating.

The Soviet Union has given no indication of rethinking aspects of reactor design. It has even talked of restarting the undamaged reactors at Chernobyl, believed now to be the only Russian reactors shut down after the accident.

Where the Soviet Union is being much more forthcoming is about its own weaknesses in informing the international nuclear community of the disaster. Previously it has been indifferent to such events, failing last December to attend an international meeting in Rome on emergency planning for nuclear accidents.

Now Mr Gorbachev is calling for an international umbrella under which nuclear power can be developed safely throughout the world. His calls are for prompt warnings—even his own allies in Eastern Europe were not given warnings of what was happening at Chernobyl—and a mechanism for information to flow freely. "Let's all get together and learn from the Russian experience," seems to be his message.

He has also called for a special conference of nuclear experts to hold a post mortem on the accident and its consequences for its European neighbours. This would be realistic only if the Soviet Union was willing to deliver the "corpse" in the shape of a lot more technical detail.

The nuclear industry will also be anxious to learn all it can in this post mortem about methods of cleaning up a major radioactive mess. Previous nuclear meltdowns have been confined almost entirely to nuclear sites, even at Three Mile Island. It is almost 30 years now since Britain's burned-out graphite pile at Windscale was entombed in concrete; the Russians say they are using a similar technique to seal up the Chernobyl 4 reactor.

Clean-up of radioactive plant and facilities is regularly undertaken by the nuclear industry. It normally uses strong detergents or weak acids to strip away the deposited radioactive substances. Even highly radioactive plant such as a former reprocessing plant for spent nuclear fuel at Dounreay in Scotland has been reclaimed in this way, then rebuilt into a modern facility.

The cleaning fluids must then be treated as radioactive effluent. This is normally no problem on a nuclear site. But never, so far as is known, has the nuclear industry faced a problem of cleaning perhaps thousands of acres of agricultural land and thousands of private homes.

Mr Gorbachev's proposals focus on the role of the International Atomic Energy Agency in Vienna, an arm of the United Nations which has been striving to counter the nationalism of the nuclear industry against the opposition of both friends and foes of nuclear energy.

The Russian leader makes it plain that it is to the agency —of which the USSR along with the US and UK is a founder-member—that he looks for leadership in the new internationalism. He spoke of enhancing the role of "that unique organisation."

For the agency this is good news indeed. It has been struggling for years on a zero-growth budget, currently about \$130m, to cover a spectrum of nuclear activities on behalf of over 100 member-states. It is riven between the rival camps of developed nations, which see its dominant role as safeguarding the world against the proliferation of nuclear weapons, and the developing countries who want its efforts redirected into helping them gain the benefits of nuclear energy.

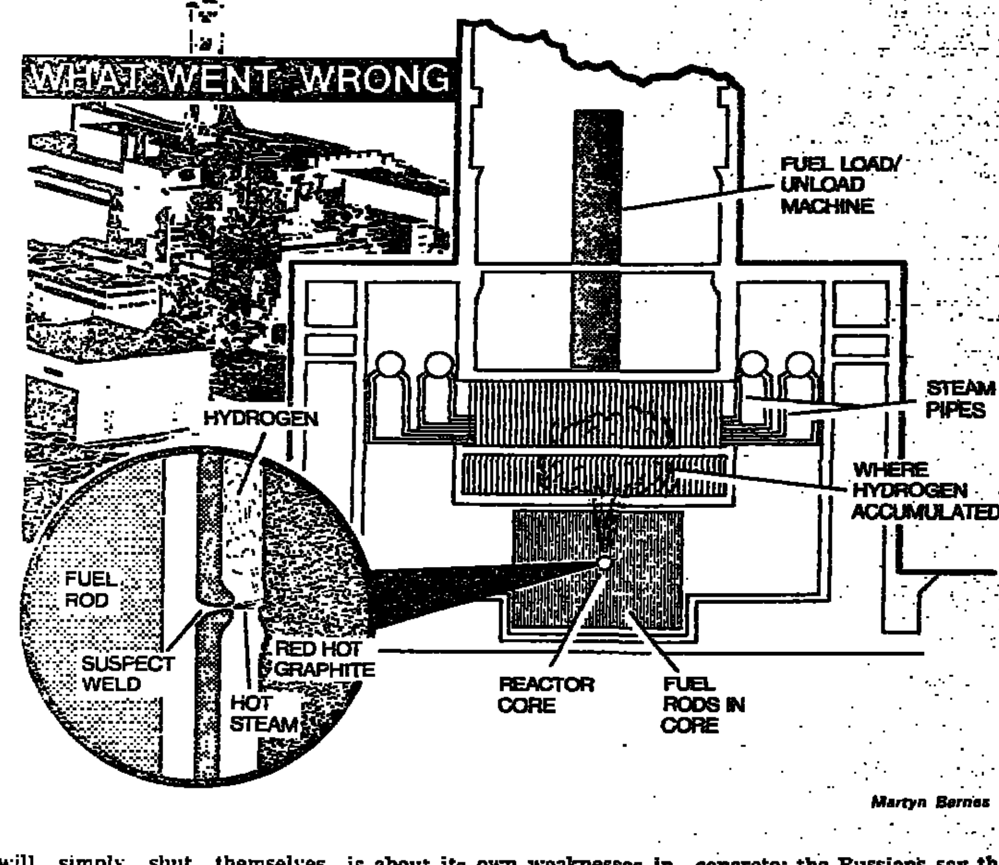
The importance attached by member-states to rated reactor safety may be gauged from the fact that only 10 per cent of a meagre budget is spent on safety, mostly collating safety-related incidents (in which the Russians have always collaborated).

Thus a direct consequence of Chernobyl seems likely to be a stronger obligation on all member-states to advise the agency promptly of all nuclear activities. This implies a greatly expanded role for all safety-related work. In a cautious comment yesterday, Dr Hans Blix, director-general of the IAEA, said he foresaw a great deal of activity in this field, particularly on emergency systems and early warnings.

The IAEA is setting great store by the need to keep channels of communication to Moscow wide open, so that the world will take full advantage of Russia's new-found readiness to co-operate.

An emergency session of its board of governors has been called for next Wednsday, when representatives of 35 nations will be briefed by Dr Blix, who led its mission to Moscow. This has been called by the West German Government, whose geographical closeness to the USSR, coupled with a strong domestic opposition to nuclear energy, is posing special problems in the aftermath of the accident.

From the other side of the globe, the Australians want to activate draft plans for an international convention on trans-border releases of radioactivity. These were constructed two years ago but have lain unheeded.



Martyn Barnes

The Bank's fearless five

Robin Leigh-Pemberton, Governor of the Bank of England, apparently had little trouble persuading five wise men to become members of his new Board of Supervision. There were more names on the list, but after Nigel Lawson had shown his preferences, the first five to be approached, accepted.

To qualify, they had to be fearless men and true, with, obviously, a knowledge of banking. Fearless, because the whole point of creating the board is to have outsiders who will not be afraid to tell the Bank where it is going wrong —particularly in the wake of Johnson Matthey Bankers.

The five were not all traceable yesterday, and some who were, preferred not to talk on the record until they have got a few monthly meetings under their belts. But "interesting and worthwhile" were epithets that cropped up most.

Alan Hardcastle, a partner of Peat Marwick Mitchell, was pleased to have been asked because he thought hard about banking supervision as president of the Council of the Institute of Chartered Accountants when it was sounded out by the Treasury on the Banking White Paper.

"The board appeals to me because it's a good mechanism for keeping the system of supervision under review by a group of knowledgeable individuals."

Deryk Vander Weyer, deputy chairman of British Telecom, has obvious credentials for the job: when he ran Barclays Bank in the 1970s he helped sort out the secondary banking crisis. He was then on the Governor's committee that looked into banking supervision after the Johnson Matthew rescue, and since then has been appointed to the Court of the Bank of England.

Peter Graham, senior deputy chairman of Standard Chartered, may not keep that post long if his bank gets taken over by Lloyds, but he will remain on the new board whatever happens. He has recently spent much of his time trying to sort out the great tin crisis to which Standard was exposed.

Men and Matters

Nigel Robson, chairman of the Royal Trust of Canada, demonstrated his independent-mindedness when he resigned as the sole non-executive director of British Sugar over their decision to pay an extraordinary £210m dividend to S & W Berisford, the company's parent.

The lawyer on the board is Andrew Caldecott, chairman of M & G, who read law at Oxford and practised as a solicitor, becoming a partner of Druces and Attlee.

Work and play

A novel attempt to fight unemployment, inspired by Irishman, *Bob Geldof's Band-Aid* and Live-Aid efforts for famine relief, takes place in Dublin tomorrow when people will be invited to pledge jobs and money for job creation during a 14-hour televised rock concert.

Adopting the methods of famine appeals for helping the unemployed has not been without controversy, however, and the event will be picketed by left-wingers who say it is for "big bands and big business."

The project, titled Self-Aid, has been organised by two producers at RTE, the state broadcasting corporation, and has the backing of state agencies, including the industrial development authority and export board.

It has also attracted an impressive array of Irish groups. Names such as Van Morrison, Elvis Costello, Chris de Burgh and U2, as well as Geldof and his Boomtown Rats, will be performing free to an expected 30,000 live audience.

The idea got under way when Geldof remarked recently that Ireland could overcome many of its problems if a way could be found to tap the energy its people put into last summer's Live-Aid appeal when more money was raised per capita than in any other country.

Unemployment was the obvious problem to tackle. More than 17 per cent of the workforce is jobless—one of the highest rates in Europe—and people under 25 are especially hard-hit.

"Next week, the minister is opening a new supermarket and closing two schools, a hospital and a shipyard"

Varity or vanity?

Massey - Ferguson's ebullient chairman, Victor Rice, gives credit to his communications director for the choice of the name Varity Corporation to brush up the new corporate image for the venerable Canadian farm and industrial machinery maker.

But it hasn't taken outsiders long to notice that the first three letters of Varity are also Victor Albert Rice's initials.

Rice shrugs of the coincidence. Variety was chosen, he says, because it suggests "Our vision, variety, vigour, and value, our confidence in the future, and our intention to become a more diversified worldwide company."

The new name, one of 1,500 generated by a computer, is also a derivative of the Verity Plough which MF began making almost a century ago.

Massey has been part of the company's name since 1847 when Daniel Massey — whose family came to North America from Cheshire — bought a small foundry in Southern Ontario to make farm implements and household products.

MF's deep roots in Canada help explain why it has maintained its head office in Toronto, even though Canada now accounts for less than 5 per cent of sales.

In spite of the parent company's name change (to take effect after the annual meeting next month) Massey-Ferguson will continue to be the trademark of the familiar red tractors which account for one in every six bought worldwide.

Amateur status

Bill Jordan, the youthful-looking new president of the Amalgamated Engineering Union, is a renowned opponent of militants in unions — both the industrial sort and members of the Tendency.

But yesterday, in a speech in Scarborough to the EETPU electricians' union, he cast British management in the same light

Scathingly attacking the cult of the generalist amateur, he insisted that management was a profession, not a flair. "Who needs militants," he said of British industry, "when the place is run by gifted amateurs?"

Tunnel vision

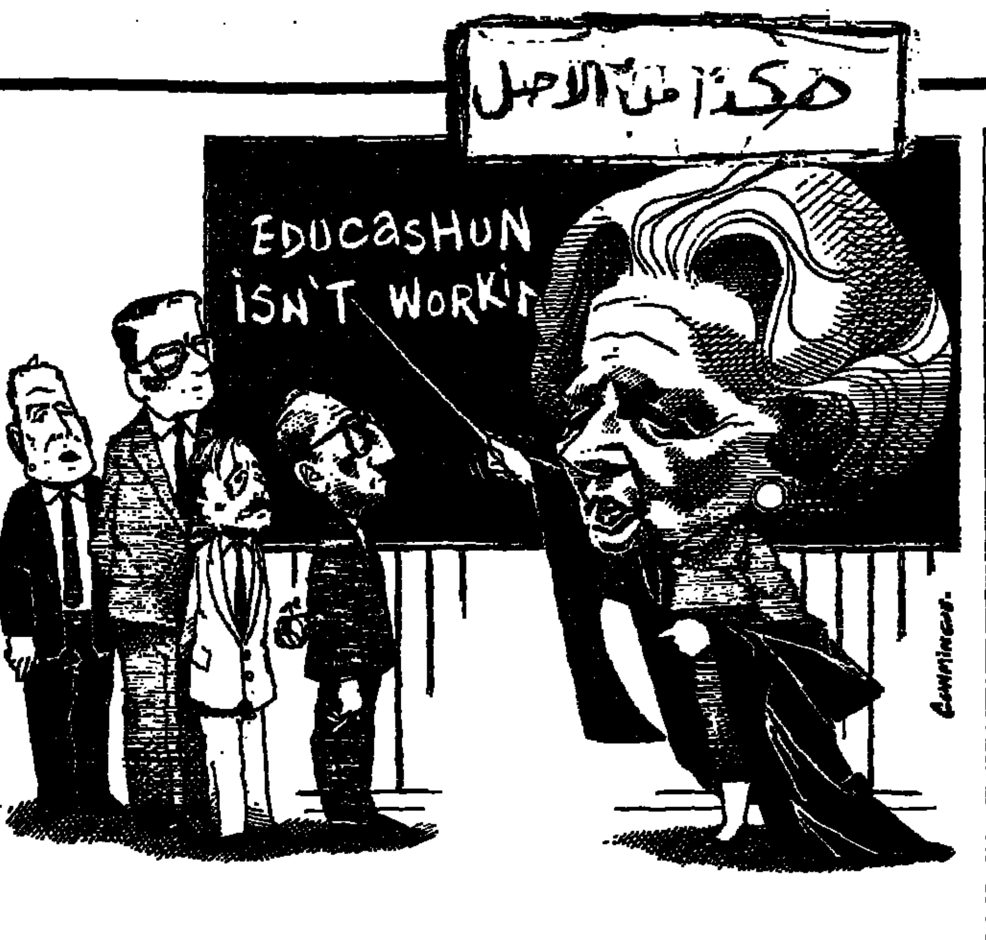
A colleague travelling through Embankment station on the underground yesterday found the platform in gloom, lit only by a few hanging bare lightbulbs. "Building a brighter station" boasted London Transport posters on the pillars.

Observer

POLITICS TODAY

A machine for the 1990s

By Malcolm Rutherford



ONE OF the signs of change in the British political climate is the revival of interest in the reform of the machinery of government. It is as if a chapter is coming to an end; all sorts of people want to get into the act of shaping the succession to the years of Mrs Thatcher.

This is not a prediction that the Conservatives will lose the next general election. It is far too early to make forecasts of that kind and, if pushed, one would still say that the Government is in a position to recover. Yet Mr John Biffen, the Leader of the House of Commons, was right when he said in his television interview on Sunday that nobody seriously imagines that the present Prime Minister will be leading the Tory Party at the next general election but one. The transition period is therefore beginning.

Mrs Thatcher has changed the political ground in many ways. There has been an erosion of trade union power, an end to coporatism and a steady whittling away of the belief that problems can be resolved simply by throwing money at them. No successor government is likely to seek to turn the clock back to the mid-1970s.

There is one problem, however, that the Prime Minister has never tackled. That is the way government works. Is it as efficient as it should be? Why has it not taken up the revolution in business methods and organisation that has been embraced by much of the private sector? Would it not benefit from more openness and the admission of more outsiders?

It is on this area that thoughts have begun to concentrate. The lead is being taken by Sir John Hoskyns, formerly of Mrs Thatcher's Policy Unit and now head of the Institute of Directors. But it would be a mistake to assume that it is a one-man show. Sir John has been careful to gather around him people from research institutes such as the Royal Institute for International Affairs, the First Division Association, which represents top civil servants, as well as academics, businessmen and scientists and members of all political parties.

A seminar was held last Monday on a paper called Re-skilling Government which calls for Cabinet ministers to be given an enhanced private office, rather along the lines of the continental cabinet system, that would include outside experts and political advisers besides permanent civil servants. The paper was quickly withdrawn as being too modest.

The serious work will now begin with Sir John inviting submissions from anyone who cares to contribute, preparing to hold another seminar before the parliamentary recess and hoping to produce an altogether more radical paper before the party conferences in the autumn. At the very least, a major debate is under way about the workings of the government machine.

Yet if there is a consensus that the task needs to be undertaken, there is far from an agreed solution. Indeed, there may be some inherent contradictions. Some people want to strengthen the executive to make sure that the Government's writ runs. Others will be resentful of anything that lessens the power of Parliament.

Still, it is a game that anyone can play, so here are a few suggestions, by no means all of them original.

● Section 2 of the Official Secrets Act of 1911 should be abolished outright and without anything being immediately put in its place. It is designed to withhold information from the public. Its use for the purposes of prosecution almost invariably makes the government of the day look ridiculous. Attempts to reform it have failed because of the difficulty of defining more narrowly what information can and cannot be released. There is, therefore, a stalemate. Abolition would open the way to a regime dependent on discretion and common sense.

● The Central Policy Review Staff, or something like it, should be re-established. The so-called "Think Tank" was terminated by Mrs Thatcher after her second election victory. Its absence deprives the UK of a forum for public debate about long-term issues, some of which may not come to a head until long after the government of the day has lost office. No government has a monopoly of wisdom and none should be allowed to conduct its long-term thinking, such as it is, behind closed doors. A new CPRS should be obliged to raise awkward questions about the future. That would educate the Opposition as well as the Government.

● The political parties should be state-funded. Such a move would not rule out voluntary contributions, but it would lessen the dependence of the Tory Party on business and of the Labour Party on the trade unions. It would also help the Liberal-SDP Alliance. Opposition parties would then have the resources to spend on research as they thought fit.

● The Conservatives when in opposition raised the possibility of a council of economic advisers, capable of delivering independent assessments. The idea should be revived. There is a proliferation of academic and quasi-academic institutes in Britain to the point where they tend to cancel each other out. More of them should work together, rather as the main German economic institutes do. It is time to look again at the idea of a British Brookings giving advice on policy and harnessing some of the best minds in the country.

● The departmentally-related Select Committee of the House of Commons introduced by the Conservatives have not quite taken off. There was evidence in the report of the Foreign Affairs Committee on UK-Soviet relations this week, and in the hearings of the Defence Committee on Monday's Defence White Paper, that they are unearthing a good deal of useful information. But they remain immensely deferential. They should create a stir by demanding information that is withheld and refusing to take no for an answer when witnesses decline to appear.

● The House of Commons should adopt more civilised working hours. It should also admit the television cameras. It is undemocratic to prevent the public from seeing their elected representatives at their job. My own view, for what it is worth, is that the public might be impressed.

● Quite the most radical reform that could be introduced would be fixed-term parliaments. They would end the speculation about when the next general election is going to be. Governments would have to work to a known time-table.

All the suggestions put forward have been applied with reasonable success in other countries. Here, however, are one or two other squibs from which the British system might benefit.

● The time has come to merge the diplomatic and the home civil service. Too many members of the Foreign Office still behave like a race apart. A common civil service, some of whose members served abroad or on foreign policy at home part of the time, could produce a greater identity of interest. After all, they all work for the same country.

● Oxford and Cambridge could become exclusively post-graduate universities. This would reduce some of the resentments caused by Oxbridge. It would also produce a real elite rather than an elite that is largely social. The two universities might then become centres of excellence again.

The reforms are designed to bring in more and better talents into the governance of Britain. An underlying theme is the need to promote more interchange between government and outsiders. All of that is happening, but at a lamentably slow pace. That is why the efforts of Sir John Hoskyns to create a climate of change before the general election are so important. The next government, even if it is led by Mrs Thatcher, needs to know more clearly than before where it is trying to go and how.

Yet there is a cautionary note. No amount of streamlining or modernising the machinery of government will help if people do not talk to each other. The mishaps of Mrs Thatcher's administration in the last few months have come about not because of a lack of scientists or outside experts. They have been the result of plain old-fashioned muddle coupled with personal antipathies.

Over the Westland affair the government machine virtually broke down because no-one foresaw that such a relatively small matter could blow into such a storm. If they had been talking more, the warnings would have been there. Similarly, the opposition to an American acquisition of parts of British Leyland should have been seen in advance. Above all, the fiasco of the Shops Bill arose from a failure of communication between the Conservative Party, the Whips' Office and the Government. It did not need a whizz-kid to deal with that, only a certain amount of political nous.

A case pending is the successor to Sir Keith Joseph as Secretary of State for Education. Having fought a previous election on the slogan "Education isn't working," Mrs Thatcher is quite right to want to appoint a senior figure already in the Cabinet. The two obvious candidates are Mr Kenneth Baker at Environment and Mr Peter Walker at Energy.

Mr Baker has all the qualifications, but is perhaps ruled out because the Environment Secretary has already been changed so often that it is better he stay where he is.

No such reservations apply to Mr Walker. He was Minister of Agriculture throughout Mrs Thatcher's first administration and has been Energy Secretary ever since. He is a well-known figure in the party and the country and a good administrator. The Prime Minister could appoint him to fulfil Mr Biffen's criterion of "running on a balanced ticket." But the betting must be that she will not.

Capital venture in Argentina

By Robert Graham

NOT EVEN Argentines know very much about Viedma. But President Raul Alfonsin is determined to change all that. This small provincial capital, some 500 miles south of Buenos Aires at the mouth of the Rio Negro, has been chosen as Argentine's proposed new federal capital.

In the month since the idea was first floated, the general reaction has been a mixture of disbelief and scepticism. Buenos Aires is so firmly rooted in the national psyche as the capital that a move seems inconceivable. Yet it would be a pity if the idea was not given a fair hearing.

Buenos Aires has come to play a disproportionately large role in national life. The historic reasons for this are obvious enough. The city is well sited at the mouth of the River Plate, has a good climate and is the hub of a vast railway network.

Resources

Also, as the principal port in an export-orientated economy, Buenos Aires became the commercial and financial centres of the country. These attractions have acted as a magnet, and Buenos Aires and its surrounding province now account for almost 40 per cent of Argentina's 30m population and over 60 per cent of its industry.

In a country this size, development is distorted by such a high concentration of resources, human and economic, in a tiny portion of the territory. A vicious circle grows up whereby civil servants, doctors, engineers, or teachers do not wish to work elsewhere, companies cannot locate elsewhere and people come from elsewhere to find opportunity. Thus the dominance of the capital snowballs, its privileges bolstered by the presence of the most politically articulate groups being based here.

President Alfonsin wants to correct this distortion and focus attention on the huge underutilised space — and resources—in the interior and south. Similar considerations led to the establishment of Brasilia in the late fifties. And today in Latin America there are other candidates for a new capital cities.

The prime example is Mexico City which has attracted around it a quarter of Mexico's 76m people and nearly half its manufacturing output. High population growth, uncontrolled urban spread and excessive centralism have converted Mexico City into one of the world's most polluted and unmanageable cities.

Last year's earthquake exposed not merely the city's urban problems but also how damage to the capital's buildings and communications could temporarily paralyse the country. But despite talk of decentralisation, the opportunity has been passed over. Prejudices and vested interests are too ingrained.

Peru's President Alan Garcia has encountered the same built-in prejudices in his efforts to reduce the dominance of Lima, which is 10 times as big as any other city, contains three quarters of all manufacturing, and two-thirds of the country's doctors.

In its short existence, Brasilia has proved a political and psychological success. But it can hardly be described as either an architectural or planning success. Apart from the Presidential Palace and the cathedral there are no architecturla masterpieces and the frequent complaint is that there is a lack of any urban density, roads are too wide and distances between everything are too long.

Enclave

Modern architects in Brasilia have not to date been able to produce agreeable small-scale neighbourhoods that are enjoyable to live in and Brasilia's depressing diplomatic enclave has only made ambassadors long for the life of Rio.

While Brasilia was conceived at a moment when architects and planners were convinced that concrete and motorways were enough to make a new city times are diff rent now and President Alfonsin has a remarkable chance to commission a city that will take note of the failures of the wide open spaces of new capitals like Chandigerh and Islamabad.

When he advertises for an urban planner, will anyone be up to the job?

Letters to the Editor

Prudent conduct in home loans

From Mr R. Boden

Sir,—Your observation (Prudent conduct in home loans, May 14) that "banks will do their reputation nothing but harm... by offering cheap mortgages to new borrowers, and then locking them into higher rates and charging punitive prepayment penalties" may be true, but only if those who write about the mortgage market devote greater attention to such practices and less to simple comparisons of today's mortgage rates.

In the current market it is a sad fact that a lender will build his book faster and make more profits by alternating periods of very competitive pricing with periods of excessively high mortgage rates, and this is especially true if during the latter periods new borrowers are offered a concessionary low rate. The lender who aims always to deal at a fair margin is these days hardly ever the cheapest — and so never experiences very high demand — nor the most expensive—and so never makes high profits. Such a lender's consolation is the knowledge that his customers are getting a fair deal, and the expectation that in the long run this will be recognised and rewarded in the market place.

But to encourage the elimination of dubious practices I would recommend anyone contemplating a new mortgage to check that the lender undertakes not to charge existing borrowers more than new borrowers, and that the lender does not charge onerous penalties for prepayment (one month's interest in lieu of notice should be quite enough).

I would make a further suggestion to anyone who has a mortgage: if your lender announces a special rate for new customers phone him, write to him, and play merry hell with him until he agrees to deal on the same terms with you, who should be his valued existing customer, as with newcomers.

R. J. Boden.
Kleinwort, Benson,
PO Box 560,
20 Fenchurch Street, EC3.

No rhyme or reason

From the Chairman,
Klein Partnership

Sir,—A very sensible letter was published on May 10 concerning the advertising carried out in the spate of take-overs, "aspirants petulantly throwing stones at each other like little boys in a playground," that are in the news so much these days. Mr Mackenzie summarised by saying that he was convinced that it was a waste of money and he would certainly not invest in companies wasting shareholders' money, particularly in this way.

I have to agree on two counts. The first is that, one would assume, most of the investors are professionals who would surely know the facts without having to read about them in newspaper pages. Second, with conflicting statements following conflicting statements, who would one believe, anyway? Better to use the money to ensure an improved and continuous performance by the companies in their respective market places!

Jack I. Klein.
26 Hays Mews, W1.

Partnership and profit

From the Chairman,
John Lewis Parnership

Sir, — Your leading article (May 13) on profit sharing referred to our growth as "unexciting," albeit describing the John Lewis Partnership as otherwise "generally admirable." My partners are grateful for the praise, if tinged, but may I suggest a different approach?

Over the past 25 years the sales of the John Lewis group, already at the outset a mature business, have increased from £40m to £1.3bn per annum, and our share of the total retail sales of Great Britain has moved up from 0.45 per cent to 1.57 per cent. Or were you referring to profit? The parnership's profit after tax has moved from about £2m to £60m per annum over this period, or a fivefold increase perhaps in real terms. If this sort of growth does not excite the Financial Times I have a pretty good idea it would excite a lot of other people including governments. Perhaps the growth has not grabbed attention because it is so consistent year by year, but that is surely no bad thing?

And what of the topic of the hour — employment? Total employment in the retail trade in the United Kingdom is falling. Teh numbers engaged in the partnership's business in 1960 were 12,000, today they are 32,000, I confess I am out of my depth if that's to be held against us.

On this foundation you went on to voice the, to me, rather bizarre notion that the "improved climate" of co-operative arrangements "hampered decision making and expansion." I dare not trouble you to search for a single illustration of this in our case lest you waste your time. On the contrary could it just be that in established businesses a growth presumably as welcome as the John Lewis Partnership's is more likely with profit sharing than without?

P. T. Lewis,
Oxford Street, W1

Independent radio

From the Managing Director,
Radio Wyvern.

Sir,—What an appalling indictment on Lord Thomson and his Independent Broadcasting Authority policies for him to admit in your interview (May 10): "It could be argued that radio has subsidised TV."

ITV contractors have an income 15 times greater than the independent local radio network! Even the word network is a euphemism—for what should have been 69 local stations, was halted at 47 when the IBA ran out of cash. This is not surprising when it demands £250,000 for a pair of transmitters which can be erected by specialists for less than a fifth of that sum.

Lord Thomson also says that marketing expertise is lacking in ILR. Would it not be more correct to say that stations took on franchises when there was no Channel 4, no TV-am, no prospect of daytime ITV and now a 24-hour test on Yorkshire TV which will surely spread?

This proliferation of TV air-time has been devastating to radio, yet we are locked under the same master. The several thousand small investors in local radio are undoubtedly being mulcted for the comfort and convenience of those who sit in office opposite Harrods.

If there is any honour left at the IBA, it is now time to release radio and let us find our own salvation.

Norman Bilton,
5-6, Barbourne Terrace,
Worcester.

Tax and the family

From the Director,
Child Poverty Action Group.

Sir,—I can reassure Mr Frewen (May 10) that this group does not believe that the elderly should be the "principal financiers" of an improvement in child benefit. Although for space reasons, I did not make this clear in my original letter, we have always argued only that the married man's allowance attributable to those below pension age should be used to improve child benefit; the rest should be redistributed amongst pensioners themselves. Even so, this still leaves £3.8bn of the total £4.5bn — sufficient to more than double child benefit.

RUTH LISTER,
1 Macklin Street, WC2.

Tax relief for charities

From Mr M. Nathan

Sir,—I must endorse the criticisms made by earlier correspondents regarding the measures proposed under Clause 29 and Schedule 7 of the Finance Bill. These measures can only be described as Draconian, introduced to counter the abuse of the charitable tax privileges by probably only 1 per cent or so of registered charities. Their effect would be to outweigh by far the encouragement to charitable giving given elsewhere by the Chancellor in his budget.

It is no use the Chancellor stating that he is having talks with representative charitable organisations. This is not good enough. The budgets and cash-flow forecasts of charities are in disarray and they are at present uncertain as to whether they can fulfil their commitments, which may like other organisations be planned for some years ahead. This uncertainty must be removed as a matter of urgency. Further, which are the organisations the Chancellor is consulting — there is no central representative body?

It should be obvious which bodies are abusing their charitable status and the registration of these bodies as charities, could be cancelled, if necessary, retrospectively by the Charity Commission. That body is charged under the Charities Act 1960 with the job of policing charities, but has signally failed to do so. It should be given the resources to do this, including insisting on the prompt lodgement of annual accounts of all charities, if necessary through regional offices for local charities.

It should not be overlooked that many charities, certainly the smaller ones, are run by persons in their spare time on an honorary basis. The proposed complicated measures will be beyond their capabilities and require the employment of expensive professional persons to enable them to ensure that they retain their charitable status and the tax exemptions that go with it.

Michael R. Nathan.
Howard Tilly & Co.
1 New Oxford Street WC1.

FINANCIAL TIMES
Friday May 16 1986

Martens stays inside as Belgian union storm breaks

VERY FEW trains. Not many buses. Mail deliveries patchy. Continued unrest in the coal mines. It looked yesterday as if Belgium was grinding to a halt even before today's declared strike of public services, **writes Paul Cheeseright in Brussels.**

There was not much sign of the Government, but then there has not been for several weeks. Senior ministers have shut themselves into a chateau in the Brussels suburbs for a mammoth negotiation on how to clip the official financing deficit by a third.

With tempers rising outside and ministers arguing inside, it appeared that the Government, despite a renewed mandate at the polls last October, was under siege. The reality was more complicated.

Certainly the Government's method of doing business has handed the political initiative to the unions. Closeted in the chateau, it has left a vacuum which the unions have been trying to fill. The difficulty for them is that they are not particularly well-equipped to seize the opportunity.

The Christian Democrat-Liberal coalition under Mr Wilfried Martens came back into power on a programme of continued economic stringency. A key element of that was to cut the official deficit from its current level of more than BFr 600bn ($13.4bn) by BFr 200bn – to reduce, in fact, the official borrowing requirement to the equivalent of 8 per cent of gross national product from 11 per cent.

What was not clear then, and will only become clear next week, is how and where the cuts will fall. Under the best circumstances the package would be difficult to put together. Under Belgian conditions, it becomes more so because of the need to bring along in tandem hard line, free enterprise Liberals and softer Christian Democrats, often maintaining links to the Unions.

The coalition, in short, has been busy settling its fate for the next three years – if it lasts that long.

It was inevitable that the unions would respond. Although the unemployment rate has now dipped to under 13 per cent, there is an acute fear of more job losses. The unions argue that the public sector has already borne more than its fair share of the burden of economic recovery.

Beyond these generalities, however, there are divisions within the movement – divisions which protected Mr Martens in his fifth Government and will probably protect him in his sixth.

There are two main groupings, one linked to the Socialists, presently in parliamentary opposition, the other to the Christian Democrats. The Socialists are stronger in the French-speaking south of Belgium, Wallonia, and the Christian unions in the Dutch-speaking north, Flanders.

For the Socialist grouping, the current series of strikes is a chance to put pressure on the Government, ideally to bring it down, at minimum to reduce the severity of the spending cuts.

For the Christian group, the aim is less clear-cut. Its leaders over the last two days have been stressing the need for dialogue with not only the coalition but private sector employers as well.

This is not surprising. Senior figures in the Martens coalition have sought, successfully so far, to keep the Christian grouping in line behind the government policy. The grouping is more acquiescent than the Socialists.

Provided it stays that way, the Government can cope. The union movement divided is an irritant, not a threat. This week there have been signs that the traditional mutual suspicion of the two groupings has begun to reassert itself.

The two acted together in a one day public service strike on May 6. But this time, for the repeat, the Socialist grouping has been trying to spread the strike out from public services like transport and the mail to ministerial and local government offices. That is further than the Christian grouping wants to go and its has been issuing strict instructions to its members only to obey central instructions.

For the Government, then, the situation is messy, but not yet out of control. Its attitude has been cool. It is ready to talk to the unions, but only within the framework of the spending cuts it intends to make. There is no question, Mr Martens has made clear, of the unions helping to set policy in the chateau.

Maxwell plans bid for BA Helicopters

By David Brindle in London

MR Robert Maxwell, the UK newspaper publisher, cable television pioneer and football club chairman, turned up yesterday at the Scottish headquarters of British Airways Helicopters in Aberdeen to declare his intention of buying the company.

Accompanying him on his flamboyant foray into the world of aviation were several trade union leaders who, it is believed, have agreed to back the deal on the basis that 25 per cent of the company share capital is distributed free among the workforce of 850.

Mr Maxwell is thought to be prepared to pay £22m ($33.7m) for the company, part of the British Airways group, and is believed to have held discussions with Mr Colin Marshall, BA's chief executive.

The intervention of Mr Maxwell is not the first unexpected development in the course of BA's efforts to divest itself of the helicopters subisidiary. In February, Coln Valley Investments, a property company, announced it had negotiated a deal but nothing further has been heard.

The first many BA Helicopters employees knew of Mr Maxwell's interest was the arrival at Aberdeen airport yesterday of his private jet, delivering not only the Mirror Group Newspapers chairman but also senior officials of the workers' unions.

Most of the union leaders had earlier yesterday been at Gatwick airport in southern England, hearing the grim news of the 1,000 job losses planned by British Caledonian Airways.

Last night, BA would only confirm that talks with Mr Maxwell were taking place; Mr Maxwell's private office said: "We do not comment on rumours."

Led by the airline pilots' association, Balpa, unions at BA have been trying to promote a management buy-out of BA Helicopters. The proposed Maxwell deal, which is likely to give the unions seats on the company board through the employee share issue, is being seen as a half-way house.

Chernobyl toll 'likely to rise'

Continued from Page 1

to the north of Chernobyl, who telephoned a correspondent to claim that they had both gone bald because of high radioactivity, Dr Voronyov said that anybody who had received enough radiation, which he put at 400 rad, to make them lose their hair would be too ill to make a telephone call.

He was similarly dismissive of EEC sanctions on food products from Eastern Europe on the Soviet Union, saying "products which are radiated can be easily checked in customs offices of our and other countries."

Morgan Grenfell to seek London share listing

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

MORGAN GRENFELL, one of London's largest and most successful merchant banks, is to seek a listing for its shares on the London Stock Exchange.

The move will pave the way for Morgan to raise a substantial amount of capital this year and put it in a better position to compete with leading international banks and securities houses in the world markets.

The listing will be sought "as soon as practicable," Morgan said yesterday. It will probably come in the summer.

Morgan already has 58m shares outstanding which are traded privately among a number of institutions and staff of the bank. These currently change hands at around £8 apiece, giving Morgan a value of about £464m ($712m). However, a listing would improve the shares' ability to trade and should enable them to command a higher price on the open market.

Morgan's major shareholders are Willis Faber, the London insurance brokers with 23 per cent, and several insurance companies and Deutsche Bank with about 5 per cent.

Mr Christopher Reeves, the bank's chief executive, said that, while Morgan could raise new capital from its existing shareholders, "on balance, now is a good time to go for a listing because we will be able to raise a really sizable sum of money and be able to position ourselves for the Big Bang."

He said that, while Morgan is best known for its corporate finance and banking business, it is heavily committed to developing its activities in the securities markets, where it now employs 450 people. "We need to feel we have the firepower to help our clients," he said.

Morgan also had ambitions to expand in New York and Tokyo, he said, where there is "lots of tough, well-capitalised competition."

BBC study rejects advertising and favours indexed licence fee

BY RAYMOND SNODDY IN LONDON

THE Peacock Committee into the future financing of British broadcasting has rejected advertising on BBC television for the foresseable future and will instead suggest the indexing of the viewers' annual licence fee.

The committe, which yesterday was putting the final touches to its report, will tell Mr Douglas Hurd, the Home Secretary, that the BBC licence fee should be indexed to the retail price index (RPI) for the next 10 years.

Such indexation would, in effect, impose financial restraints on the BBC because the rate of inflation in broadcasting has in the past considerably outstripped the RPI.

After the indexation period the effects of technological progress could be reassessed and the introduction of either advertising on BBC television or a subscription service considered.

The committee has apparently accepted one of the key arguments put forward in evidence that separate sources of funding for the BBC and Independent Television is a fundamental factor behind the quality and diversity of British broadcasting.

By implication, it is also suggesting that although the era of broadcasting satellites and a proliferation of new television channels is on the way it may be the mid-1990s before the impact is significant.

The committee will, however, put all its weight behind encouraging the independent television production sector. It will propose that there should be a quota, possibly around 25 per cent, of UK independently produced programmes on British television.

The production facilities of the BBC should be available for use by independents at a fair price, particularly in the regions such as Scotland.

The committee is also symathetic to the idea that Channel 4, at present a wholly owned subsidiary of the Independent Broadcasting Authority, should become a stand-alone company. At the moment, the independent television companies are responsible for selling advertising time for the channel.

Peacock has taken the view that a "liberated" Channel 4 would increase competition within British broadcasting

Although the committee, set up by Mr Leon Brittan, the former Home Secretary in March 1985, is leaving the BBC national network intact, it would like to see radical change over local radio.

It will suggest the co-ordination of commercial and BBC local radio, possibly under a new cost-effective radio authority.

Court boost for Ulster Catholics

BY DAVID THOMAS IN LONDON AND TERRY DODSWORTH IN NEW YORK

A NEW YORK court has ruled that there is no legal impediment to US companies operating in Northern Ireland the so-called MacBride principles, which are designed to give Roman Catholics in Ulster greater access to jobs. The principles are opposed by the British Government.

Although the ruling of the New York court has no standing in Northern Ireland, it is bound to increase pressure from the Irish lobby on US companies with subsidiaries in Northern Ireland, which have resisted adopting the MacBride principles.

The MacBride principles, which are backed by some sections of the Irish lobby in the US and are highly controversial within Northern Ireland, are named after Mr Sean MacBride, winner of the Nobel Peace Prize and a former IRA chief of staff before the Second World War.

The British Government and the Fair Employment Agency, the statutory body charged with opposing religious discrimination in Northern Ireland, have consistently argued that adopting the principles would entail reverse discrimination in favour of Roman Catholics and against Protestants, which would contravene UK law.

However, a New York district court judge has ruled that although some of the principles might "be viewed as calling for affirmative action, they do not call for discrimination against anyone."

The British authorities are concerned about the potential disincentive to investment in Northern Ireland if US companies were forced to adopt the principles, since it believes that corporations could then come into conflict with law in the province.

The 26 manufacturing subsidiaries of US companies in Northern Ireland account for more than 11,000 jobs.

The New York court was asked to rule on this issue in a case taken against the American Brands tobacco group which has a subsidiary in Gallaher.

The New York City Employees' Retirement System, an influential US pension fund, had wanted to put a resolution to shareholders at American Brands' annual meeting calling on the company to adopt the MacBride principles in its Northern Ireland labour policies.

American Brands refused to accept the resolution on the ground that the MacBride principles conflicted with UK law.

During the litigation in New York, the British Government submitted written evidence to the effect that the MacBride principles fell foul of the UK's Fair Employment Act.

However, two British legal experts, Mr Peter Archer, the opposition Labour Party's spokesman on Northern Ireland, and Mr Christopher McCrudden, lecturer in law at Lincoln College, Oxford, submitted evidence to the contrary.

US moves to counter EEC curb on imports

By Nancy Dunne in Washington

PRESIDENT Ronald Reagan yesterday imposed non-restrictive quotas on white wine, candy, beer and several other EEC products in retaliation for limitations on US grains and oilseed exports imposed when Portugal and Spain joined the Community. They will take effect on Monday.

The White House also made public a list of other items which face increased tariffs if the US and the EEC do not reach agreement by July 1 on compensation for lost American grain sales to Spain. Port, cheese, vegetables, brandy, gin, liqueurs are included.

Mr Larry Speakes, the White House spokesman, said: "This is a dispute the US sought to avoid, but we cannot overlook the EEC's unilateral actions which clearly violate Gatt rules and affect some of our most sensitive exports."

The action followed the President's warning on March 31 that the US would respond in kind to the EEC's import restrictions in agricultural trade resulting from the Spanish and Portuguese accession.

Mr Speakes said the US response was "fair and measured." The tariff restrictions will be set above current trade levels and will not be dropped unless US oilseed and wheat sales to Portugal are limited. Both sides in the dispute have said trade will not suffer this year as a result of the quotas.

The full list of products to be included under quotas includes ale, porter, stout, beer, apple or pear juice, white wines valued at more than $4 a gallon, chocolate bars and candy, and other confectionery products.

Paul Cheeseright, in Brussels, writes: The Community will match the US restrictions, symbolic or not, by measures of equivalent restraint. They will be imposed on a list of 14 US products sold in the Community.

Last night, however, the Commission was cautious in its reaction. It noted that it had not yet received information on either the quota levels or the administrative arrangements to support them.

BCal calls for 1,000 jobs to go

Continued from Page 1

days of the raid, BCal had lost £3.7m revenue "as a direct result of the Libyan bombing," Mr Coltman said.

He also blamed the radiation scare from the Soviet reactor explosion at Chernobyl and forecast that this and more fears of terrorist action could cost BCal "a further £25m to £30m."

The airline intended to redeploy some of its excess aircraft capacity. One DC-10 airliner will be taken off the Atlantic routes and will serve the more buoyant Gatwick to Hong Kong route this summer before being sold.

THE LEX COLUMN

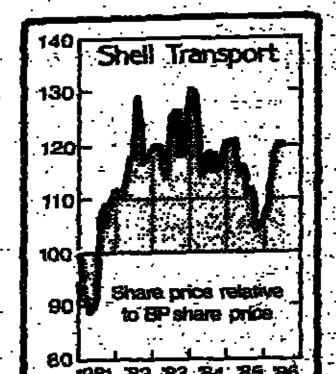
History lesson from Shell

Times are rare these days when the oil sector outshines the rest of the market, but then the market has not been thinking in terms of record oil company profits. Yet in replacement cost terms, at least, that is what Shell and British Petroleum have managed in the first quarter. It was perhaps bad timing for BP to release its figures some hours after Shell. BP's replacement cost net profit of £740m was well ahead of market predictions, but after Shell's prodigious £1.3bn it looked much less impressive.

What both companies proved conclusively is that they have been far better than the US majors in generating downstream margins to compensate for the dip in production revenues. Although Shell is the acknowledged master of this business, BP is no slouch these days. Ouside the US, BP made the same downstream margins, about $3 a barrel, as Shell.

It is in the US that BP's problems lie. Standard Oil achieved the rare feat of a drop in both upstream and downstream replacement cost earnings. Messrs Horton and Brown – recently despatched from Britannic House – are going to be busy men. But on the stated historic earnings, BP is letting its US subsidiary paint a blacker picture than Shell might do in similar circumstances. Shell Oil returns no historic figures into the group, and thus no stock losses, whereas Standard returns UK-style stock losses of £174m. If BP accounted for Standard in the way that Shell treats its US subsidiary, then BP's historic cost profits for the quarter would have been put at almost £200m instead of £22m, and possibly prevented its share price from dropping 10p to 553p, while Shell's gained 8p to 773p. The different response may also reflect suspicions that BP is unlikely to increase its dividend even if Shell Transport's sterling dividend increases to match a static pay-out in Royal Dutch.

Occasionally Shell gives the impression that the oil price fall is of no consequence in any of its businesses. How else to explain the fact that its non-US production profits were actually up on the last quarter of 1985? A more tangible explanation is that Shell's upstream volumes are about 18 per cent gas, whereas BP has a much more oily mix of hydrocarbons. There is a built-in lag in European gas sale contracts, so that Shell's gas profits



reflect the trading conditions of about six months ago. Time will inevitably reverse this advantage if oil prices hold.

Morgan Grenfell

After the Exco-merger solution failed and the rights issue idea was classed as too short term an answer, Morgan Grenfell had to revert to plan a – going public – to find the capital it needed to come out on top post Big Bang. As some existing shareholders will compete for new shares to keep their holdings up, notably Willis Faber which needs to equity account its stake, demand could be sufficient to raise £100m to £150m.

With the current off-market capitalisation of the group at £450m-plus and assuming that the shares can command a higher price once freely traded, the bank could be valued near to £650m by October. That would put it in the big league of UK merchant banks, but about a million miles below the main players on Wall Street.

Grand Met

While Grand Metropolitan waits for its newer, higher-rated businesses to come through strongly to profits, it must be grateful to its basic activities for keeping the numbers edging ahead. Profits growth from £131.9m to £140.2m for the six months to March came largely out of the supposedly mature brewing, pubs and food divisions. An even greater irony is that the Liggett cigarette business in the US improved profits while fitness products were in poor shape.

Here currency movements obscure the picture, but it seems that cigarettes, pet food and Pepsi are more important to hard-up [...] ers than home gyms and [...] of designer glasses from the [...] ly acquired Pearle Health. [...] theless Liggett is still for sa[le] the improvement in profits [...] speed up the process. Gra[nd] could even realise the whole [...] £100m invested there, [...] which is in maturing [...] stocks.

The problem looming in the [sec]ond half is the hotel business [...] tourists cancel bookings at [...] continental hotels in droves. [...] out a sudden revival, profits [...] be hit hard. The pound should [...] age far more than the $1.24 [...] in Grand Met's last financial [...] also cutting the pre-tax [...] Profits of £370m (against £3[...] without help from a pension [...] day, would put the shares at [...] on a p/e around 12, a rating [...] leaves little scope for outperf[orm]ance.

News Corp

When Mr Rupert Murdoch [fi]nanced his Fox TV network [...] with $1bn of junk bonds, no[...] was in much doubt that a ser[...] refinancing operations would [fol]low. The Fox bond's 13 per cen[t cou]pon, escalating to 15 per [...] looked an uncomfortable load [...] the News Corp cash flow even [...] Wapping, while the option to c[on]vert into News Corp equity confl[...] with everything that is kno[wn] about Mr Murdoch's attitude to [di]lution. Non-essential assets w[...] evidently be sold, and as soon [...] possible.

The $200m of preference cap[...] that News is now raising resemb[les] the Fox bond in having a con[ver]sion option, but in no other resp[ect]. The coupon is some 8 points low[er] and the shares convert into one [of] News's most marketable fringe [as]sets, its 9.5 per cent holding of [...] Reuters "B" shares. Given a 15 [...] cent conversion premium and [...] per cent coupon, the conversi[on] may dribble on for some ti[me] which is obviously a far bett[er] method of selling the stake – f[or] News and Reuters – than a lar[ge] discounted placing. As it happen[s] the News Corp share price has a[ll] but quadrupled in the last fe[w] months, and a few basis point[s] might conceivably have been save[d] by giving an option into News com[mon] stock rather than Reuters. B[ut] the dilution must have seeme[d] worth avoiding at the price.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	21	70	Dubrovnik	S	23	73	Malta	S	24	75	Rhodes	S	22	72
Algiers	–	–	–	Edinburgh	F	13	55	Manchester	C	9	48	Rio de J'o	C	27	81
Amsterdam	F	9	48	Faro	S	20	68	Manila	S	33	91	Rome	F	23	73
Athens	C	20	68	Florence	S	24	75	Melbourne	–	–	–	Salzburg	F	20	68
Bahrain	S	35	95	Frankfurt	C	15	59	Mexico City	–	–	–	San Francisco	S	[illegible]	62
Bangkok	–	–	–	Funchal	C	19	66	Miami	S	26	79	Seoul	R	14	57
Barcelona	S	20	68	Geneva	R	14	57	Milan	F	22	72	Singapore	R	32	90
Beirut	–	–	–	Gibraltar	S	25	77	Montreal	C	25	77	Stockholm	F	16	61
Belfast	R	10	50	Glasgow	F	11	52	Moscow	F	21	70	Strasbourg	C	17	63
Belgrade	S	25	77	Guernsey	S	10	50	Munich	F	20	68	Sydney	S	19	66
Berlin	C	15	59	Helsinki	S	17	63	Nairobi	C	23	73	Taipei	S	30	86
Biarritz	S	22	72	H Kong	S	28	82	Naples	S	25	77	Tangier	S	19	66
Bombay	–	–	–	Innsbruck	F	22	72	Nassau	S	28	82	Tel Aviv	F	21	70
Bordeaux	C	19	66	Inverness	C	11	52	New Delhi	S	40	104	Tenerife	S	21	70
Brussels	F	12	54	Islamabad	S	39	102	New York	C	21	70	Tokyo	C	22	72
Budapest	S	25	77	Istanbul	F	17	63	Nice	F	21	70	Toronto	R	16	61
B. Aires	–	–	–	Jakarta	R	33	91	Nicosia	C	22	72	Tunis	S	25	77
Cairo	S	25	77	Jersey	S	13	55	Oporto	R	15	59	Valencia	S	26	79
Cape Town	F	18	64	Jo'burg	S	21	70	Oslo	F	11	52	Venice	F	22	72
Caracas	–	–	–	Lima	S	23	73	Paris	S	13	55	Vienna	S	24	75
Casablanca	S	19	66	Lisbon	C	17	63	Peking	S	27	81	Warsaw	C	19	66
Chicago	–	–	–	London	C	13	55	Prague	F	21	70	Washington	–	–	–
Cologne	C	15	59	Los Angeles	–	–	–	Reykjavik	C	5	41	Zurich	C	15	59
Copenhagen	F	11	52	Luxembourg	R	11	52								
Corfu	S	23	73	Madrid	F	23	73								
Dallas	–	–	–	Majorca	S	23	73								
Dublin	–	–	–	Malaga	–	–	–								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Paris eases curbs on capital flows

Continued from Page 1

From the point of view of timing, the most unexpected measures announced yesterday were the lifting of restrictions on capital movements. These involve the abolition of the foreign exchange premium on purchases by French resident of foreign stocks, freedom to buy a second house abroad, to make gifts to non-residents and to transfer assets to another country when moving abroad.

The lifting of these restrictions – long sought by France's European partners as part of the process of strengthening the EEC's internal market – means that for the first time since 1968 France will no longer be seeking exemption from EEC regulations on freedom of capital flows. French Treasury officials had earlier been planning to link concessions on this issue to monetary negotiations within the EEC in the Autumn in which France will be seeking West German support for strengthening the role of the European curency unit.

The decision to prepay FFr 1.8bn of the loan reaised with the EEC in 1983 cuts the French Government's foreign indebtedness to $3.7bn – or less than half the level of 1984. Of this, $1.1bn is still due to the Community and $2.6bn is outstanding on a syndicated Eurocredit.

In terms of deregulation of the financial markets, the most reaching measure is tthe decision to do away rom the beginning of next year with the system of controlling bank lending through credit ceilings.

Parallel with this, competition will be encouraged within the banking system by giving banks freedom to set their own rates on term deposits of more than three months and by abolishing the requirement that the opening, closing and transfer of branches should be subject to official approval.

Among measures intended to broaden the range of money market instruments available to corporate treasurers, Mr Balladur announced that the minimum maturity on certificates of deposit issued by banks would be cut to three months (from June) and eventually to 10 days.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday May 16 1986

More US oil groups forced into write-offs

BY PAUL TAYLOR IN NEW YORK

THE SEARING impact of the oil and energy price slump was dramatically highlighted again yesterday when a string of major US oil and gas companies and an oilfield equipment manufacturer reported substantial writeoffs, revised earnings results, losses and cutbacks.

Petro-Lewis, the Colorado-based oil and gas energy group, reported a $346.9m fiscal third quarter net loss in the quarter ended March 31 after taking a $332m writedown on oil and gas properties. The latest loss compares with a more modest $5.1m loss in the year-ago quarter and came on revenues which plunged by 32 per cent to $44.26m from $65.2m.

Dresser Industries, the major worldwide oilfield equipment and services group, said fiscal second quarter net earnings fell by 94 per cent to break-even level. Dresser posted net earnings in the quarter ending April 30 of just $1.4m or 1 cent a share compared to net earnings of $23.3m or 31 cents a share a year earlier. Revenues fell by 8 per cent to $956m from $1.04bn.

Mr John Murphy, Dresser chairman and president, cited "the extremely rapid decrease in oil and gas drilling, particularly in the US." He said the decrease in drilling activity began in mid-January as a result of declining oil and gas prices and has been "in virtual 'free fall' ever since."

Dresser's six month net earnings fell by 70 per cent to $11.7m or 15 cents a share from $38.6m or 51 cents a share on revenues which edged down to $1.88bn from $1.94bn.

Pennzoil, the Houston-based energy group battling with Texaco in the courts, restated first quarter net profits of $42.3m to show a loss of $16.14m because of the recent US Securities and Exchange Commission (SEC) decision requiring companies to write down the value of their oil and gas properties quarterly.

As a result of the SEC decision, Pennzoil said its 48.7 per cent owned affiliate, Proven Properties, wrote down its oil and gas properties by about $120m. Pennzoil's share of this charge was about $58m or $1.42 a share.

Coastal, the Houston-based diversified energy group, said it had shut down 53 per cent of its gas production in south and west Texas because of current weak prices for oil and gas. The group, which last year acquired American Natural Resources, a major gas pipeline company, added that it was studying other wells that could be shut down without damaging the producing reservoir or violating lease provisions.

Separately, Ashland Oil, the US oil refiner and petroleum products group, revised its employee benefits plan covering 8,000 salaried employees and recovering between $200m and $300m in excess pension assets which will be used for general corporate purposes.

FFr 2.5bn share sale for Crédit Lyonnais

By David Marsh in Paris

CREDIT LYONNAIS, the second largest french nationalised bank, yesterday announced a FFr 2.5bn ($359m) issue of non-voting shares designed to bolster its capital resources.

The bank also said its consolidated net profits rose 17.9 per cent last year to FFr 1.2bn. This was a similar increase to that already announced for parent company earnings, which rose 19.8 per cent to FFr 442m.

The issue of *certificats d'investissements* or CIs will not give holders preferential dividend rights, in line with the issue of FFr 5.3bn recently made by Banque Nationale de Paris.

Credit Lyonnais follows a stream of other top French banks in launching the CIs. The issues pave the way for possible denationalisation by giving the state the opportunity eventually to change non-voting shares into full voting equity. However, Credit Lyonnais – regarded as having the least healthy balance sheet of the big French banks – is not considered a priority candidate for outright denationalisation.

Home market rivalry hampers BMW growth

BY DAVID BROWN IN MUNICH

BMW, the West German car and motorcycle manufacturer, reported parent company turnover up by 2.5 per cent to DM 5.3bn ($2.4bn) in the first four months, but it expects both sales revenue and earnings this year to stabilise at 1985 levels.

BMW announced parent company net profit declined from DM 329.6m to DM 300m, in the face of sharpening competition on its important home market.

As a result, it is maintaining its dividend at the previous level of DM 12.50 per share, in contrast to its rival Daimler-Benz, which raised its 1985 payout by DM 1.50 to DM 12 per share, and added a one-for-seven bonus issue.

Mr Eberhard von Kuenheim, the chief executive, admitted the group failed adequately to anticipate the demand for diesel powered cars, and had been unable to introduce its own version until late last year.

BMW's West German market share at the end of April stood at 5.4 per cent. This compares with 6.2 per cent for all of 1985 and 6.8 per cent in 1984. Total domestic deliveries last year fell by 9 per cent to 148,000 units.

However, the group managed to raise 1985 unit sales in the US by one-quarter to 88,000 units despite a weaker overall market, and total foreign deliveries rose by 7 per cent to 292,500.

Despite the slip in market share, domestic registrations picked up in the first quarter by 12 per cent, and accounted for just under a third of the total 152,000 vehicle output for the period.

Diesel-powered and catalytic converter equipped cars now each make up a quarter of domestic sales, and the group was able to push through price increases of about 8 per cent late last year.

Despite the recent addition of special shifts, however, BMW has not been able to keep pace with demand, and the waiting list for some cars has grown to six months.

Moreover, the group's new 300-series plant in Regensburg will not open until late this year, and will only slowly build up to an annual production of around 40,000 cars. A new top of the line 700-series will be introduced later this year.

The Regensburg plant is part of a DM 10bn six-year investment plan through 1992.

BMW's hopes of acquiring a controlling stake in the Messerschmitt-Bölkow-Blohm (MBB) aerospace and defence group were dealt a setback by the state of Bavaria's recent announcement that it was unwilling to part with its total 25 per cent share.

BMW's interest in MBB mirrors acquisition moves by Daimler-Benz and General Motors of the US to broaden their high-technology interests.

Overall, BMW expects slightly higher auto production this year. Motorcycle output is expected to remain at roughly the same 37,100 unit level as last year.

National Intergroup deeper in loss

By Terry Dodsworth in New York

NATIONAL Intergroup, the US steel and distribution company which has been steadily moving out of the metals business, slumped more deeply into loss in the first quarter of this year, when it was hit by heavy charges in its oil and steel services subsidiaries.

Net losses amounted to $58.9m, or $2.86 a share, against $17.9m, or $1.08 a share, in 1985. Sales jumped to $923m from $101m, with the big jump mainly attributable to the acquisition of the Permian oil gathering and distribution company in August of last year.

This year's first quarter is being treated as a separate period and will be shown as such in future income statements. The company said it is moving to a fiscal year beginning on April 1 to reflect the recent acquisition of FoxMeyer, a pharmaceutical distribution business which uses a reporting year corresponding to other leading companies in its sector.

Mr Howard Love, chairman of National and the main architect of its restructuring, said the acquisition of FoxMeyer and its growth potential should contribute to improved results as the company begins its new fiscal year. He said all of the group's businesses were expected to show substantial improvement in the current year.

Total charges in the quarter came to $46.4m, including $28.2m for the reduction of inventory values in Permian, $7.5m related to the proposed sale of substantially all of the materials distribution business, and $12.7m for the write-off of miscellaneous investments and facilities.

The results also include a net equity loss of $19.7m representing the 50 per cent share of the losses of National Steel, the former steel subsidiary of the company in which Nippon Kokan of Japan has taken a 50 per cent stake.

Pharmacia outpaces weak dollar

By Our Financial Staff

PHARMACIA, the Swedish pharmaceutical and biotech group, reported a 12 per cent increase in pre-tax profits for the first quarter of 1986, despite the negative impact of the weakened dollar.

The company, which is 40 per cent-owned by the Volvo motor, energy and foods group, says sales for the three months improved by 4 per cent to SKr 869m ($123m). After tax, profits were SKr 155m, against SKr 144m.

Earlier this year Pharmacia announced a 16 per cent rise in profits for the whole of 1985, but warned that growth during 1986 was likely to be slower.

Novo Industri, a Danish rival to Pharmacia, also reported a first-quarter result checked by the weakness in the dollar. Novo pre-tax earnings fell to DKr 180m ($23m) from DKr 262m.

Turnover dipped from DKr 1.07bn to DKr 1.01bn, and profits after tax fell to DKr 121m from DKr 180m, a performance which Novo said was broadly in line with group expectations.

Novo, which is listed in London and New York, is the world's biggest producer of industrial enzymes. It has suffered declining profits in both 1985 and 1984.

Dome deficit widens as oil price slumps

BY BERNARD SIMON IN TORONTO

THE SLUMP in oil and gas prices pushed up Dome Petroleum's first-quarter loss to C$72m (US$52.3m) equal to 24 cents a share, from C$23m or 10 cents a share, a year earlier. The latest loss was after a tax credit of $24m.

The Calgary-based company, which has debts of more than C$6bn, suffered a decline in operating income from C$198m to C$60m. Revenues fell by 20 per cent to C$469m.

The company said that, based on US accounting principles, a write-down of its oil and gas assets totalling C$564m net of deferred taxes would be required. Such a write-down would have brought the first quarter loss to C$632m. Dome said that the writedowns were not required by Canadian accounting principles.

Dome is at present in the process of renegotiating debt repayments with its 56 international creditors. The company has proposed curtailing most principal and interest payments. It has received waivers from lenders on payments due to May 29, pending the outcome of negotiations.

The revised repayment schedule will supersede a debt rescheduling plan implemented last year before the collapse in oil prices.

The latest quarterly returns included a net gain of C$79m from the sale of 10m shares in Dome Mines. First-quarter income from oil and gas operations was almost halved

● Amoco, the large US oil group, plans to discontinue the sale of oil products including petrol and home heating oil, in five states of the US within about a year. The move involves about 4 per cent of its 10.9bn gallon sales of petrol and distillates.

It is taking this step because of low sales volume and profitability and marketing which has increased the company's dependence on outside sources for petrol.

● Mesa Petroleum intends to sell its 10.93 per cent stake in Unocal with the latter's agreement reached after Mesa failed to take over the US oil group.

In a Securities and Exchange Commission (SEC) filing, Mesa said it aims to dispose of the 12.7m shares subject to conditions designed to assure that they are dispersed among many buyers.

● Tosco, the big independent US oil refiner, has revised its first-quarter net loss upwards to $100.77m, from the $55.77m originally reported. The revision reflects a $45m writedown of oil and gas as a result of the new SEC requirement on valuation of these assets.

Biotechnology venture for Kodak

By Our New York Staff

EASTMAN Kodak, the US photographics products and chemicals group, yesterday extended its push into the pharmaceuticals business by announcing a joint venture agreement with Cytogen, a Princeton, New Jersey-based biotechnology company.

Kodak will acquire a 16 per cent stake in Cytogen for $15m and spend up to $6m over a three-year period to fund the development of cancer treatment products. The agreement is the latest in a series of joint ventures by Kodak's new Life Sicences division.

USAF contract for Snecma

By Our Paris Correspondent

SNECMA, the French state controlled aero-engine group, has a half share in a $461m order received from the Pentagon to provide new engines for the US Air Force's fleet of Boeing KC-135 transport aircraft.

The order was awarded to CFM International, a joint venture between General Electric of the US and Snecma.

Baxter Travenol

BAXTER Travenol, the US pharmaceutical and medical services group, is on track to meeting analysts' expectations of earning 15 to 20 cents for the second quarter and 70 to 80 cents for the full year. Due to the omission of a line in processing, the quarterly figures were attributed to the full year in yesterday's report.

Gould charge results in $115.1m loss

By Our New York Staff

GOULD, the US electronic, computers, instrumentation and defence systems group, said yesterday that it has taken a $130m special charge against first-quarter earnings to reflect estimated losses on fixed-price defence contracts.

The Illinois-based group, which earlier reported net earnings of $14.8m or 33 cents a share in the first quarter, said that after the charge it has restated its first quarter earnings to show a $115.1m loss.

The latest charge, mainly attributable to its Navcom systems division, follows a $6.7m charge taken against 1985 fourth quarter earnings

Bilfinger and Berger cuts payout to DM 9

BY PETER BRUCE IN BONN

BILFINGER and Berger, one of West Germany's biggest construction groups, is cutting its 1985 dividend from DM 10 to DM 9 following a 35 per cent drop in net profits to DM 14.6m ($6.65m). The group's chairman, Mr Christian Roth, warned in Mannheim that 1986 could be even more difficult.

Construction activity in West Germany is at a post-war record low, forcing hundreds of smaller contractors out of business. It is a measure of the scale of this crisis, and of the cushioning provided by foreign contracts, that Mr Roth nevertheless felt able to describe the group's performance last year as satisfactory.

Although domestic activity was beginning to pick up again, he said, construction in Bilfinger and Berger's foreign markets was contracting quickly and he hinted at significant, though unspecified, rationalisation measures to cope. The group employs 24,000 people, 16,000 outside West Germany.

Mr Roth said the chief causes of the collapse in foreign orders were low oil prices, which have hit Middle Eastern customers, and difficulties in Libya, a major market, where the value of work done this year would probably halve

In all, the group is expecting to complete projects worth DM 2.8bn this year,

Concurrent loss hits Perkin-Elmer

BY OUR NEW YORK STAFF

PERKIN-ELMER, the US high-technology group, yesterday posted a 14 per cent decline in fiscal third quarter net earnings citing, in part, losses at Concurrent Computer, the super-minicomputer group which was spun off as a separate company late last year. Perkin-Elmer retains an 82 per cent equity stake in Concurrent.

Perkin-Elmer said net earnings in the quarter ending April 30 fell to $18.5m or 40 cents a share from $21.6m or 49 cents a share in the year-ago period. Sales slipped to $320.7m from $339.8m.

For the nine-month period, Perkin-Elmer reported net earnings of $52.1m, down from $57.8m or $1.30 a share in the year-ago period on sales which fell to $940.7m from $954.4m.

Mr Horace McDonell, chairman and chief executive, said third quarter results were affected by a previously projected loss at Concurrent Computer.

Separately, Concurrent confirmed its earlier estimated $724,000 or 6 cents a share net loss for the fiscal third quarter compared to a $3.99m or 42 cents a share profit in the year-ago period. The small loss came on sales which fell to $56.9m from $66.36m.

Oerlikon downgrades sales forecast

BY JOHN WICKS IN ZURICH

OERLIKON-BÜHRLE, the Swiss industrial concern, has downgraded its 1986 sales-growth projection from 10 per cent to less than 5 per cent in view of exchange rates.

Although company chairman Dr Dietrich Bührle believes the dollar could strengthen again by the end of the year, he said in Zurich yesterday that "there were no signs of a further improvement in profits."

Last year, consolidated earnings rose from SFr 15m to SFr 37.3m despite a 1.3 per cent drop in turnover to SFr 4.86bn. Net profits of parent company Oerlikon-Bührle Holding of SFr 15.9m were "only just enough to justify the planned resumption of dividend payment," said Dr Bührle.

He explained that the recent SFr 1bn Canadian army order for the group's Adats missiles system would not show up in corporate accounts until 1988. In the meantime, there was a lack of new business in conventional military products.

However, he disclosed that the company hoped there would be a further Adats order placed within the next 12 months. Oerlikon-Bührle had "very good chances" in the US – where it works through the Martin Marietta group as a partner – while there was interest in the system in another Nato country and on the part of a third government, he said.

Until then, the group is faced with new development and preparation costs for Adats and the responsible subsidiary Werkzeugmaschinenfabrik Oerlikon-Bührle remains in the red.

Elsewhere, the Zurich-based production subsidiary Contraves expects a "continuation of its favourable development" in 1986, despite disappointing order inflow in the military products division so far this year and problems in the field of electronic drives and motors in the US. Contraves and its own Italian subsidiary will also carry out deliveries to the Canadian project.

The machinery division expects to show a profit this year, though 1985 growth rates in the machine-tool sector cannot be repeated due to lack of available capacity.

Amongst other operations, the Liechtenstein-based high-technology company Balzers expects "excellent results" and is to expand activities in Japan and the US while the welding technology division foresees a better year despite problems with an oil industry-linked subsidiary in Houston. The aircraft sub-division is set to turn a 1985 loss into a profit this year though sales will remain below the 1982–84 average.

In the consumer-goods field, the Bally shoe group expects a slight decline in profits owing to relocation for environmental reasons of a Brazilian chemicals unit and despite a small overall rise in turnover. Results should "remain satisfactory" in the textiles sector.

Laidlaw raises Mayflower bid

LAIDLAW Transportation, the Canadian school bus and waste management group, has increased its US$216m, or $28 a share, cash tender offer for all the common shares of the Mayflower group to US$29.25, our Financial Staff writes.

Laidlaw said the new offer, which values the Indiana furniture mover at US$255m, has been increased because of the price levels of trading in Mayflower shares since Laidlaw's original offer last week.

Laidlaw said its offer is conditional, among other things, on receiving a minimum of 3,300,000 common shares of Mayflower

Massey-Ferguson changes name

BY BERNARD SIMON IN TORONTO

MASSEY-FERGUSON, the Canadian farm and industrial machinery maker, is to change its name to Varity Corporation as part of efforts to distance itself from its recent image as a financially troubled company dependent on the farm equipment market.

The new name, which will take effect after next month's annual meeting, will apply to the parent company but not to individual products. Massey-Ferguson tractors, Perkins diesel engines and Pacoma hydraulic components, all made by Massey-Ferguson subsidiaries, will thus retain their present identity.

Announcing the name change in Toronto, Mr Victor Rice, chairman, also said that Massey was working on a major acquisition which "will graft another division on to the company."

Massey's share price on the Toronto Stock Exchange has risen sharply on heavy trading volumes in the past week.

The name change comes less than a week after completion of a financial restructuring. Massey has reduced its long-term debt by 47 per cent and hived off its lossmaking combines business into a new company in which it has a minority interest. In its new form, the company last week reported earnings of US$3.9m for the year to January 31.

Mr Rice said: "We are adopting a new name because we are a renewed company with new strategic priorities and directions." The name Varity was initially selected by the company's communications director from a list of 1,500 provided by a computer.

Massey is the second North American company to distance itself from the troubled farm machinery business by changing its name. International Harvester became Navistar International earlier this year after selling its farm equipment division.

Carrian may repay up to 24% of claims

By Our Financial Staff

CREDITORS of Carrian Investments, the Hong Kong property and shipping company which collapsed in 1983, may recover as much as 24 per cent of the HK$2.7bn (US$345.6m) outstanding claims against the group.

This emerged in a letter to creditors from Carrian's liquidators, summarising progress in recovering funds and assets which they now estimate to total HK$647m.

The court-appointed liquidators also disclosed that they had filed a writ last December accusing Price Waterhouse, the accounting firm which acted as auditors to Carrian, of negligence and breach of duty.

Two former employees of Price Waterhouse are standing trial in Hong Kong on charges of conspiracy to defraud. A partner in the firm said, however, that it had not yet been served with the writ, which he viewed as "only to keep their options open."

Hill Samuel takes action against brokers

HILL SAMUEL Merchant Bank Asia said it had sued four Singapore stockbroking houses exposed to forward contracts for a total of $14m (US$6.32m), Reuter reports from Singapore.

The four are Associated Asian Securities, City Securities, Lim and Associates, and Tsang & Ong.

Mr Nick Willan, managing director, said the bank is making a S$26m provision for possible losses after stock market problems following the Pan-Electric liquidation.

Pioneer Electronic back in the black

PIONEER ELECTRONIC, the Japanese maker of audio equipment, produced consolidated net profits of Y2.35bn ($14.4m) in the first half to March, a turnround from a Y390m deficit, writes Yoko Shibata in Tokyo.

The negative impact from the yen's appreciation was offset by strong sales of new products including compact disc players and video equipment. Overall sales were Y180.54bn, up 8.5 per cent. They reflect parent company pre-tax profits of Y5.76bn, up 146.9 per cent. Pioneer has been restructuring its US operations and deficits there were reduced.

Palabora Mining increases dividend

PALABORA MINING, the South African copper producer in the Rio Tinto-Zinc group, is raising its first quarterly dividend for 1986 to 30 cents (9p). This compares with 20 cents for the same quarter of 1985 when the year's total reached 180 cents.

Cathay Pacific dealings test Hong Kong Exchange

BY DAVID DODWELL IN HONG KONG

THE CAPABILITIES of Hong Kong's new, fully computerised, unified stock exchange were put to the test yesterday as hectic first-day dealings in Cathay Pacific Airways resulted in one of the heaviest trading sessions on record.

A total of 85m Cathay shares were traded—worth HK$446m (US$57.1m) and accounting for more than half of the HK$816m volume. With 397m Cathay shares currently tradable, one in five of the available shares changed hands.

The rest of the market wilted, however, with the Hang Seng index, the main indicator, falling 26.51 to 1,794.17. Dealers suggested that the weight of dealing in Cathay shares — which are not yet a component of the index—meant that comparatively small business in other blue chips was able to influence prices more strongly than usual.

The Cathay Pacific flotation—of 15 per cent of the airline's share capital, and worth HK$1.54bn—was the largest ever mounted in Hong Kong. The issue was nevertheless 32 times oversubscribed, attracting HK$52bn.

This drain of almost three times the total of notes and coin in issue in Hong Kong put extraordinary strains on the domestic banking system and has seriously disrupted inter-bank interest rates over the past two weeks.

Cathay shares were offered at HK$3.88 a share, but dealings opened yesterday at HK$5.10 and rose rapidly to HK$5.30 before ending the day at HK$5.20. This closing price provided many immediate sellers with a profit of more than 30 per cent their original investment.

Westpac growth held in check

BY LACHLAN DRUMMOND IN SYDNEY

WESTPAC Banking Corporation, Australia's largest commercial bank, suffered a narrowing of interest margins and a decline in growth for non-interest income in its half-year to March, with net earnings emerging only 5.8 per cent higher at A$196.1m (US$139.5m) compared with A$185.4m.

The bank warned that this performance is unlikely to be sustained on a full-year basis because of rising cost pressures and uncertainties in the interest rate structure. Earnings for its last full year totalled A$368m.

The bank also revealed it expected to pay a total of £67.5m ($103.9m) for the interests of Johnson Matthey Bankers which it is purchasing in the UK. This would include a £17.5m goodwill payment.

Group revenue rose 30 per cent to A$3.64bn while interest costs jumped 40 per cent to A$2.27bn. Non-interest operating costs, including depreciation, climbed 19 per cent to A$1.03bn. This left pre-tax profits 2 per cent higher at A$345.4m.

The interim dividend is up from 13 cents to 14 cents a share on increased capital, drawn from earnings per share of 38.8 cents compared with 45.3 cents unadjusted, or 36.9 cents adjusted for last year's rights issue.

Kyocera suffers first fall in eight years

KYOCERA, the leading Japanese maker of integrated circuit ceramic packages, suffered a 45.8 per cent fall in parent company pre-tax profits to Y39.27bn ($240.4m) in the year to March, its first year-to-year fall in eight years, writes Yoko Shibata in Tokyo.

The decline was attributed to the microchip recession and the yen's steep appreciation against the dollar.

Net profits fell 38.5 per cent to Y19.43bn, on turnover of Y246.66bn, down 12.9 per cent. Earning per share dropped to Y129.53 from Y210.75.

Sales of semiconductor components declined by 33 per cent to contribute 32.2 per cent to turnover affected by the world industry recession which is believed to have bottomed out in the third quarter. Electronics components held up reasonably well, with sales firming by 0.5 per cent.

The company announced yesterday that it is to cut bonuses for its directors by 33 per cent and reduce board salaries.

Reunert dives into loss

BY JIM JONES IN JOHANNESBURG

SUBSTANTIAL CUTS in capital spending by South Africa's state-owned industries severely affected the first-half profit performance of Reunert, the Barlow Rand Group's electronics, telecommunications and electrical equipment arm.

The directors believe second-half results will be better, but warn that an attributable loss suffered in the first six months will not be recouped.

Turnover rose to R404.5m ($186.9m) in the six months to March from R391.9m following losses by two electrical engineering divisions, the interim pre-tax loss was R8.6m against profits of R10.3m.

One of the electrical engineering divisions has been closed

An interim loss of 25.4 cents a share was suffered against earnings of 18.6 cents. A dividend has not been declared. Last year an interim dividend of 10 cents was paid

JAPANESE COMPANY RESULTS

MAKINO MILLING MACHINE
MACHINE TOOLS

Year to	Mar '86 Y	Mar '85 Y
Revenue (bn)	55.07	50.38
Pre-tax profits (bn)	6.81	6.97
Net profits (bn)	3.11	3.25
Net per share	34.27	39.45
Dividend	11	11

PARENT COMPANY

MITSUI REAL ESTATE DEVELOPMENT
PROPERTY

Year to	Mar '86 Y	Mar '85 Y
Revenue (bn)	279	283
Pre-tax profits (bn)	24.24	19.43
Net profits (bn)	11.73	9.19
Net per share	22.98	21.73
Dividend	8	8

PARENT COMPANY

NISSIN FOOD PRODUCTS
PROCESSED FOODS

Year to	Mar '86 Y	Mar '85 Y
Revenue (bn)	149	140
Pre-tax profits (bn)	16.68	15.61
Net profits (bn)	7.98	7.60
Net per share	74.74	73.79
Dividend	22	22

PARENT COMPANY

YASKAWA ELECTRIC
INDUSTRIAL MOTORS

Year to	Mar '86 Y	Mar '85 Y
Revenue (bn)	112	112
Pre-tax profits (bn)	2.90	4.32
Net profits (bn)	3.28	1.76
Net per share	15.38	8.30
Dividend	6.50	5.50

PARENT COMPANY

FRENCH FINANCIAL DEREGULATION

Balladur attacks high interest rates

BY DAVID MARSH IN PARIS

THE SERIES of financial measures announced yesterday by Mr Edouard Balladur, the French Finance Minister, is designed to allow the benefits of lower French inflation to be passed on as effectively as possible in the form of lower interest rates for industrial and personal borrowers.

Over-regulated and compartmentalised financial markets, and a top-heavy banking system, are now recognised in France as representing clear barriers to the modernisation of the economy.

Mr Balladur's Socialist predecessor, Mr Pierre Beregovoy, adopted a piecemeal approach, chipping away gradually at over-regulation. This included praiseworthy moves to bring in innovative instruments to improve the workings of the Paris markets.

In deciding further deregulatory measures, along with a general lowering of interest rates, Mr Balladur has decided that a more global presentation is needed.

However, the strategy and the number of potential obstacles which still lie ahead of more thoroughgoing deregulation remain the same.

Government officials and senior bankers agree that the fragile earnings structure of the big retail banks represents the biggest of these hurdles.

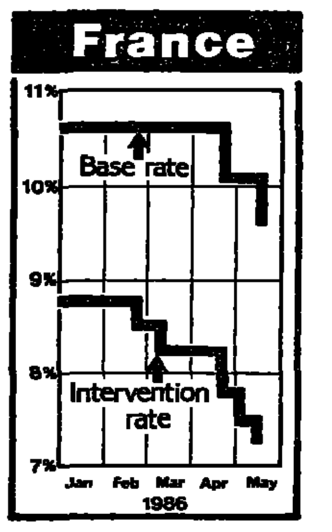
Thanks to more innovative treasury management and also the start-up of a commercial paper market in Paris last December (five months before the introduction of a similar market in London), big French companies can now raise funds at close to money market rates.

But the big banks have been very slow in bringing down their base lending rates in line with the sharp fall in French inflation over the past three years. The 0.5 point out in base rates to 9.6 per cent sparked off by Societe Generale on Wednesday compares with an inflation rate of 2.5 per cent.

The Government has prodded the banks into the latest base rate reduction—the second since the March 16 election—by lowering administered savings interest rates by 1.5 points, reducing the rate on main deposit accounts to 4.5 per cent. Following the sharp fall in capital market yields, these accounts have lately been offering depositors over-generous terms similar to yields on government bonds.

The cut has reduced costs on the liabilities side of banks' balance sheets but the main factor keeping credit costs high is the size and inefficiency of the banks' retail banking networks, the running of which absorbs about 7 to 8 per cent of total deposits.

Mr Balladur has taken a conspicuous step in opening up these networks to more competition through abolishing the



out-dated requirement that the opening, closing or transfer of branches be subject to government authorisation.

The banks are anxious to increase their profits to accompany their gradual return to the private sector under the conservatives' denationalisation programme. But they are likely to continue to be very cautious about shedding staff. They have signalled however the bringing in of charges for cheque accounts at the end of the year a move which will be unpopular with personal account holders

On the financial market side, Mr Balladur has decided to lower to three months (from next month) and eventually to 10 days (from March 1987) the minimum maturity of certificates of deposit issued by banks. Companies will be able to issue commercial paper with a maximum maturity of two years from next month, compared with six months at present.

Banks will be able to fix freely interest rates on term deposits of more than three months—another move to allow interest rates to be set by competitive pressures.

Additionally, Mr Balladur has announced that the encadrement system of credit ceilings regulating banks' loan expansion will be phased out at the end of the year. Mr Beregovoy prematurely announced that the system had been buried at end-1984, although the new control mechanism replacing it was similar to the old. The Government now recognises that, with French interest rates being set increasingly by the market, there is no place for qualitative credit control.

Greater freedom for capital movements

BY PAUL BETTS IN PARIS

SUBSTANTIAL as the new French foreign exchange liberalisation measures announced yesterday may be, they do not constitute a general lifting of controls. French bankers and industrialists were quick to emphasise yesterday that many restrictions remain, although they welcomed the conservative Government's latest measures.

Some of the main steps announced by Mr Edouard Balladur, had long been expected and, according to bankers and businessmen, probably would have been taken much sooner if the right-wing parties had won a more comfortable majority.

"The measures adopted yesterday seem to form part of the general process of exchange control and financial liberalisation following the recent devaluation of the French franc," said one banker. "In any case, although the current Government probably would not like it said, they are also a continuation of the foreign exchange and financial market liberalisation started under the previous socialist Government."

Among the most spectacular measures taken yesterday, was the lifting of the foreign exchange premium — the so-called *devise titre* — for purchases by French residents of shares and bonds quoted on foreign markets. Yet the lifting of this restriction had long been expected, even under the previous Socialist administration which reintroduced it in 1981 during its currency support package.

The second spectacular measure announced by Mr Balladur was the lifting of restrictions on purchases by individuals of secondary residences, such as holiday homes, abroad. At the same time French citizens will now be able to transfer their capital funds when they settle abroad as well as being able to make donations and gifts to non-residents.

The lifting of the restrictions was seen as largely a political move on the part of the goverment to conform itself to the EEC rules on the free movement of capital. In practice, however, these measures, like the abolition of the *devise titre* are unlikely to have a major financial impact.

In the case of the freedom to buy second homes abroad, bankers point out that the restrictions in acquiring real estate for investment and letting purposes remain.

Restrictions on French investment abroad remain in place, as well as on French residents opening bank accounts abroad. French residents cannot open such bank accounts without prior permission from the authorities.

As for the *devise titre*, the impact is expected to be fairly limited since the foreign currency premium had almost disappeared during recent months.

Restrictions on French currency lending to non-residents also remain in place, thus maintaining official control of the French franc domestic market alongside the unregulated Eurofranc bond market.

Apart from the lifting of certain restrictions on capital flows, the other principal measures announced by the government yesterday involve a further easing of foreign exchange restrictions for corporate treasuries to boost the competitiveness of French businesses

Warrants with a twist for Bank of Nova Scotia

By Peter Montagnon, Euromarkets Correspondent

A NEW TWIST to the warrant concept was introduced to the Euromarkets yesterday, when Morgan Stanley launched a series of warrants to sell a $150m, five-year issue it was leading for Bank of Nova Scotia.

On offer were 120,000 warrants priced at $12 apiece and bearing interest at 7⅞ per cent, the same rate as that on the host bond. They can be used to sell the bond back to the borrower at a price of 98¼ per cent on June 30, 1989.

The idea is that the value of the warrants should rise as the market goes down, giving those investors who feel the fall in interest rates has run its course a chance to hedge their positions.

Until now warrant issues have generally allowed investors to purchase more paper at a guaranteed return, giving them protection against falling yields.

In what could be an ominous portent of things to come, the warrants actually proved more popular than the host bond yesterday. As bond prices slid following the latest US industrial production figures, the warrants rose to around $14, while the host bond slipped outside its 1⅞ per cent fees.

The structure is in essence what the bond market calls a securities put option, providing additional proceeds to the borrower that reduce its overall costs by some 20 to 25 basis points.

Theoretically that sort of structure could create a lucrative swap opportunity, but there is one drawback. Because it cannot be certain how many warrant holders will exercise their options, Bank of Nova Scotia cannot work out the precise maturity of its new deal. That makes swapping into floating rate currency harder, and market speculation was that no swap is attached to this particular bond.

European reshuffle for First Chicago

By David Lascelles, Banking Correspondent

FIRST CHICAGO is to reshape its European, Middle East and African activities into a single entity covering trading, commercial banking, investment banking and operations.

Though headquartered in London, the operation will treat Europe as a single market, according to Mr George Davis, executive vice-president and senior partner of the group's global corporate bank.

The changes mark a further step in the Chicago-based bank's plans to merge its commercial and investment banking activities to match the growing trend towards securities finance in the banking business. Last month, First Chicago announced a similar restructuring in the US.

The European operation will be run by a nine-man council of partners headed by Mr Ian Schmiegelow and Mr Alan Delp, which is intended to flatten out the hierarchy of responsibility. Mr Schmiegelow joined First Chicago from Hambros last year and carried out the study which led to the changes.

Mr Davies said the bank's emphasis would still remain very much on the industrial market, with the stress on new forms of financial intermediation.

Dutch moot option link with London

By Laura Raun in Amsterdam

THE EUROPEAN Options Exchange (EOE) has proposed to the London Stock Exchange joint development of an option contract on a basket of European stocks that would be priced in European Currency Units (ECUs).

Such an option on a European stock index would forge an international link between the Amsterdam-based EOE and its closest rival, the London Stock Exchange's traded options. Both have been in the vanguard of international link-ups for global trading.

The EOE also is considering launching options on Japanese shares that are to be traded on the Amsterdam Stock Exchange and priced in yen in that exchange's link with the Tokyo Stock Exchange.

Option contracts woudl be offered on three to five of the 30 Japanese stocks to be listed in Amsterdam later this year.

A new yen-guilder currency option also is under consideration to facilitate the trading of Japanese shares.

The rapidly growing EOE more than doubled its profit to a record Fl 18.46m ($7.5m) last year from Fl 8m in 1984, the exchange announced yesterday. Operating income advanced by 32 per cent to Fl 41.36m.

Emerson Electric issue meets a cool reception

BY CLARE PEARSON

THE DOLLAR Eurobond market traded nervously yesterday. It was depressed by falls in prices of US Treasury bonds following the 0.2 per cent rise in US April industrial output.

The $100m 12-year bond for Emerson Electric of the US therefore met a cool reception. The non-callable bond carried a coupon of 7⅞ per cent and was priced at 101⅞. Lead-manager IBJ International said the bond was a bid at discount to issue price of 2 per cent, outside the total fees of 2¼ per cent.

D'Urban, the Japanese mens wear company, issued a $40m equity warrants bond, led by Nikko Securities. The five-year bond has an indicated coupon of 2¼ per cent and price of par. Final terms will be set on May 23. Warrants may be exercised from June this year until May 1991.

The Tokyo equity has traded nervously over the last few days on worries about the yen/dollar exchange rate. Thus D'Urban's new issue met a less enthusiastim reception than other recent Japanese equity-related bonds. The lead-manager quoted a bid price of 99½. Other recent equity-related bonds for Japanese companies have traded rapidly over par.

Diesel Kiki's recent equity warrants bond was priced today with a coupon of 2¼ per cent. The exercise price on the warrants was set at Y644, representing a 2½ per cent premium over the closing shares price. This bond traded yesterday at a bid price of 100½, ½ per cent over par.

Kleinwort Benson launched a $25m convertible bond for Alex Brown, hte US investment bank. Final terms will be fixed on May 27, but the indicated coupon is 5Z per cent. The conversion premium is expected to be 20 to 25 per cent. The shares traded yesterday at around $31. The lead-manager said the band was trading at around hte issue price.

Nomura International launched a Treasury Index bond, the redemption amount of which is linked to the US Treasury bond 2016. Nomura has arranged a spate of such recently. The $100m three-year bond is for the South Australian Government Financing Authority (Sagfa). As with the previous Treasury Index bonds, redemption will be at par if the yield on the Treasury bond at maturity is 7.10; it will be at less than par if the yield is greater than 7.10, and vice versa. Nomura International said the bond had been well-received by Japanese investors.

Two Euroyen issues appeared, for Eurofima, the European railway financing agency, and for the Republic of Finland. Maturities were seven and five years, and coupons 5¼ per cent and 5⅜ per cent respectively. IBJ International, which led Eurofima's deal, said that the nervous mood of the Euroyen market had adversely affected the bond's reception. It traded at a discount of 2¼ per cent to issue price, well outside 1⅞ per cent fees. Bank of Tokyo International led Finland's bond.

The D-Mark sector traded thinly today. Prices were marked down by about ½ per cent. Dealers note that bid/offer spreads have widened to as much as one point recently.

Westdeutsche Landesbank launched a DM 200m 15-year bond for Yorkshire Bank, which is owned by a group of British clearing banks. The coupon was set at 6¼ per cent and the price at par. The lead-manager said it was quoted well within the fees, but the bond was launched too late in the day to trade widely.

Another British borrower, Commercial Union, the insurance company, is tapping the Continental markets, with a SFr 200m equity warrant deal. Handelsbank will be leading the bond. It is expected to have a 14-year maturity and coupon of between 4¼ per cent and 4½ per cent. The exercise premium is expected to be set at 10 to 15 per cent.

Swiss franc bonds weakened by about ¼ per cent as short-term interest rates edged higher.

Late last night Nomura International launched a $100m, five-year, deferred coupon bond for WestLB. There will be no interest during the first three years, 32 per cent in the fourth year and 8 per cent in the fifth and final year. Issue price is 100¼ per cent.

Euroclear earnings up by 28%

BY TIM DICKSON IN BRUSSELS

EUROCLEAR, the Brussels-based clearing house for internationally traded securities yesterday announced 1985 net earnings up by 28 per cent to $9.85m on gross income 43 per cent higher at $71.9m. The profit figure was reached after rebate payments to customers doubled from $7.9m to $15.6m.

Euroclear was started in 1968 by Morgan Guaranty but is now eeffctively owned by the market it serves—its 124 institutional shareholders are mostly among the 1,875 banks, brokers and other financial institutions which make up its client base.

The company has grown significantly since the early 1970s but its growth has been particularly rapid in the last three to four years

Since 1981 the directors have adopted a policy of rebating a proportion of profits to shareholders, rather than lowering its fees. Last year, however, the continued expansion of services encouraged them to reduce and simplify the charging structure.

The first four months of 1986 show even stronger growth than 1985 with turnover up 67 per cent so far

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on May 15

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¼ 16	200	100⅝	101⅛	+0⅛	−0⅛	9.42
Atlan. Richfield 10¼ 00	250	105⅝	105⅞	−0⅛	−1¼	9.51
Australia Com. 11 95	200	116¼	117¼	+0⅛	−1¼	8.35
Australia Com. 11¼ 00	100	116¼	117¼	+0⅛	−2	9.07
BP Capital 9¾ 94	100	100⅝	101¼	+0⅛	−2⅛	[illegible]
BP Capital 11½ 92	150	108⅝	108⅞	−0⅛	−1⅛	9.11
Campbell Soup 10½ 95	100	110⅝	110⅞	+0⅛	−1⅜	8.77
Canada 9 96	1000	106	106½	−0¼	−1¼	8.04
Canada 11½ 90	500	112	112½	−0¼	−0¼	7.70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca. Ex. Os. Cr. 0.91 A$	100	55⅜	55⅞	+0⅛	+0½	12.67
Bremer Lndsbk. 10 91 A$	50	99⅝	100⅛	+0⅛	−0⅝	10.05
Fiat Finance 14½ 89 A$	50	103½	104⅛	−0½	−0⅝	12.68
GMAC 12⅞ 89 A$	40	101¼	101⅝	+0¼	0	12.30
Landsbk. Rhein 13 89 A$	30	99½	100¼	+0½	0	13.05
Canadian Pac. 10⅜ 90 C$	75	103⅝	104⅛	+0⅛	0	9.23
Chrysler Fin. 10 91 C$	75	†97⅜	97⅞	−0¼	−0¼	10.63
Genstar Fin. 11¼ 95 C$	75	†105⅞	106⅜	+0⅛	−0⅛	10.66
GMAC 9¾ 92 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Elec. 2⅞ 2000	7/84	2398	159⅝	160⅝	−0⅛	16.75
Nippon Oil Co. 3 2000	1/85	1295	173¼	174¼	−0¼	[illegible]
OKI Elec. Ind. 3½ 99	5/85	925	196¼	197¼	+1	−4.31
Sanwa Bank 2¼ 00	10/84	805	126	127	+2⅛	−6.45
Sekisui House 3 99	10/85	1496	127⅝	128⅝	−0⅛	−0.46
Sumitomo Bank 2¼ 2000	4/85	622	271¼	272¼	+1⅛	0.67
Sumitomo Corpn. 2⅞ 99	8/85	2242	128	129	−0⅝	0.42
Taiyo Yuden 3¼ 2000	5/84	998	193¼	194¼	−0⅛	11.12
Tokyo Sanyo Elec. 3½ 99	3/85	1078	†150	151	+3½	−0.49
Toshiba Ceramics 3 2000	12/84	772	†115	116½	−1¼	1.52
Nippon Oil Co. 2⅞ 92 SFr	4/85	1734	142⅝	143⅝	+0¼	−1.96
Nippon Shinpan 2 92 SFr	3/84	1092	†138	139	+2⅛	4.38
Asics 5 92 DM	3/84	881	†179½	180½	+4½	16.38
Renown 3½ 90 DM	12/83	528	149	150	+1¼	7.29
[illegible]	3/85	675	144	145	−3¼	−5.66

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

THE PROPERTY MARKET BY WILLIAM COCHRANE

INVESTMENT INITIATIVES

Overseas influences on the UK unitisation debate

THE remarkable changes taking place in property investment, against the background of the "Big Bang," were underscored by David Sizer, a senior partner of Richard Ellis, last Friday when he dubbed it "the last of the unmodernised markets."

Mr Sizer analysed both the size, and the changing structure of the market at the ISVA (Incorporated Society of Valuers and Auctioneers) City conference. About £30bn of property is owned institutionally, he said, and approaching £6bn is lent by the banking sector to the property industry.

As he understood it, fee income from the provision of property services, including residential commissions, is estimated to total around £1.5bn a year.

It has been evident for the past five years that most investing institutions, on their own, are unable to cope with the cost of funding a major City of London office development — sums of £75m are getting to be quite common—a shopping centre or a big out-of-town business park.

The Royal Institution of Chartered Surveyors has researched, and subsequently promoted the concept of single property unit trusts to break these big buildings into manageable investment holdings; it was supported, in essence, by the conclusions of the more broadly disciplined City committee set up by John Barkshire of Mercantile House.

Richard Ellis itself, with County Bank, has recently promoted its own property investment vehicle, known as PINCs. But Mr Sizer anticipated more competition in the market from the City's new financial conglomerates; and, on top of that, he noted some foreign influences.

"We are witnessing an increased involvement from the Americans and Japanese," he said, "whose introduction of innovative methods of financing again trespass on to our traditional sphere of activity."

Now it just so happens that Jack Rodman, a Los Angeles partner of certified public accountants Kenneth Leventhal & Company, was in London and Edinburgh this week with the Los Angeles Trade and Investment Mission.

American moves

Mr Rodman was here, clearly, to sell Los Angeles in particular and US property investment in general. But his description of what is happening in America suggests that the UK market has a long way to go.

"There is a whole new wave of investment activity taking place through the securitisation of our real estate markets," he said, "which is allowing corporate America to tap previously unused sources of investment capital."

Mining companies, supermarkets and railroads are all using new liquid assets, created from their property holdings: "defensively for working capital purposes, offensively for takeover strategies, or to improve a company's financial ratios in the eyes of the investment community," according to Mr Rodman.

Over the past year, several financial instruments have come on (or returned) to the US property scene. These, first, offer the developer a way to repay medium term construction loans and get longer term finance for a given development. Secondly, they offer something new to the investor.

In the US, says Mr Rodman, they are all covered by the term "securitisation." Four of the more popular types of investment vehicle are:

1—real estate investment trusts (Reits), similar in their present form to the single property unit trusts promoted by the RICS and Barkshire;
2—commercial mortgage obligations (CMOs) which are quoted medium to long term debt;
3—publicly traded limited partnership units, which seem similar to the Ellis/County Bank concept; and
4—mortgage backed securities, linked to the residential market and already promised to the UK consumer.

Many Reits went bad in the mid-1970s, Investors put up money for "blind funds"—those investing in unidentified development or investment properties—and suffered from bad management. A number of Reits, however, had good management and survived the mid 1970s with their reputations, and that of their management, actually enhanced by the chaos that went on around them.

Either some people never learn, or there's a new one born every minute. Jack Rodman, on the mid-1980s: "Over the past year, more than $3.0bn (just under £2bn) has been raised for Reits. However the Reits, like other areas of real estate, have over-heated as a result of poor product and blind product funds hitting the market. . . ."

Critical function

Nobody is saying that the Reits are in the pickle they were ten years ago. Property has also suffered by comparison with Ordinary shares—the Dow Jones Industrial Average rising 50 per cent in a year. But their experience contains lessons for UK promoters, and for their prospective investors.

Chartered surveyors may be too gentlemanly to criticise each others' products but if unitised property takes off in this country, there will be plenty of merchant bankers, stockbrokers and market commentators who will assume the critical function. The product, or building, therefore, will have to be pretty good.

Commercial mortgage obligations, meanwhile, are also big money; they can be quite interesting, too, in a period of falling long term interest rates.

Jack Rodman quotes Olympia & York's $200m CMO last December and $160m for Fisher Brothers, another major New York developer, which followed. Both were Euromarket issues, relatively highly rated as a consequence, but the O & Y bonds have still appreciated by 10 per cent since their issue due to a 200 plus basis points drop in long term interest rates.

The UK market is already on to this one. Indeed, with a combination of American and British skills, it has invented a few wrinkles of its own.

First Interstate Capital Markets, formerly the merchant banking arm in this country of Continental Illinois, recently devised a £25m Eurobond issue for Wates City of London Properties in tandem with an issue of warrants to subscribe for another £50m.

"There have been only three sterling Eurobond issues with warrants to date and Wates is the first property company," said Mike Rosen, senior vice president of First Interstate in London this week. "We are talking to three or four others at the moment."

Wates gets an initial £5m from the issue of the £25m, 9¼ per cent stock on which 20 per cent is payable next week. Another £20m, in round figures, will come from the "call" when the remainder of the stock is paid up at this time next year.

It has already raised £1¼m from the sale of 25,000 warrants at £25 each. These could lead to the issue of £25m 9¼ per cent bonds by May 1988 and there are a further 25,000 warrants which could be issued at a higher price to produce £25m more.

"The first warrant issue is already trading in the mid-30s," says Mr Posen. "They are so highly geared that a further one-point decline in interest rates would move them from £35 to about £60." For Wates, applying the proceeds to the cost of the issue, the effect could be a reduction in borrowing costs to about 9 per cent of £75m of debt, all of it unsecured.

Hamburger deal

Back in the US, the third category financing instrument has been taken up by Burger King, the fast food franchiser subsidiary of the NYSE-quoted Pillsbury Corporation and a direct competitor of the McDonalds chain.

Burger King, says Mr Rodman, raised $81.4m by spinning off a group of 115 restaurant sites to investors who leased them back to the store operators. The public came in for a minimum yield of 9.4 per cent.

However, they were also in for a share of the turnover growth and the overall deal offered incoming buyers of the limited partnership units, with sales growth and tax benefits, a target overall rate of return of 17½ per cent.

Greycoat upgrades its City office

IN A WEEK which has brought Peter Palumbo's Poultry scheme in front of the planners again, and taken Lloyds Bank south of the Thames, the appointment of City-based Peter Thornton as joint managing director of Greycoat underlines the City of London's pivotal importance in the property development business.

Ron Spinney, existing and now joint managing director under Geoffrey Wilson's chairman and chief executive, also becomes deputy chairman and Barry Cockerell remains assistant managing director with responsibility for the group's investment portfolio.

Messrs Spinney and Thornton are both development orientated, operating separately from offices in the West End, and the City respectively. "I did four major deals last year from the City office," said Mr Thornton this week. "At least three of them would not have been possible from the West End."

Excluding major developments already in progress—such as Finsbury Avenue Nos. II and III, where Greycoat itself is involved with Rosehaugh, —Mr Thornton sees about five large sites available for the next phase of City office property growth.

Greycoat is involved in four of them. At Cannon Street station, which will certainly make more than 250,000 sq ft, it is on the shortlist; it is in for 200,000 sq ft plus at the Ludgate Hill "bomb site;" and "along with dozens of others" it is tendering for the Boys' School site, John Carpenter Street, where in excess of 350,000 sq ft is on the cards.

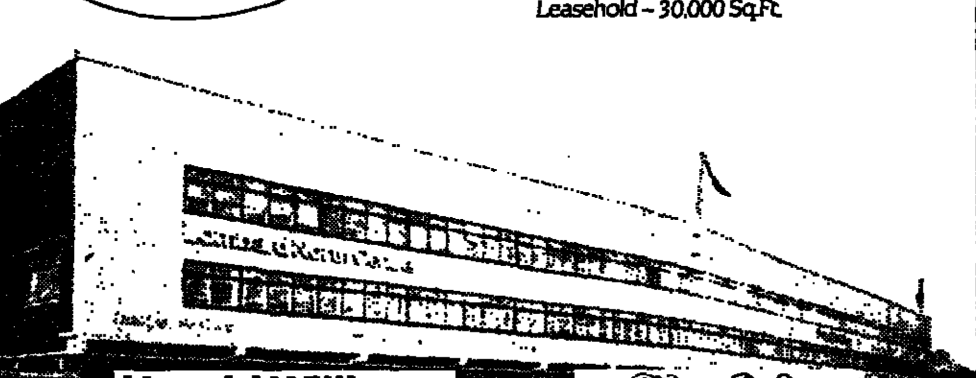
Of the City market sites still available, Spitalfields on the east and Smithfield to the west, Greycoat is leaving the former to LET, and looking at the latter on a longer term basis.

Meanwhile, along with the further phases of Finsbury Avenue, it has a sizeable current commitment in the redevelopment of Lutyens House, Finsbury Circus, behind its existing facade to make 300,000 square feet gross.

At £76m, the funding for Lutyens House is the largest single building funding ever completed, says Mr Thorton—"and, unlike some, we did it without having to give away any equity."

● Mr Malcolm Savage, a director of St Martins Property, said yesterday that the Kuwaiti-owned developer is not going to broadcast the details of the Hay's Galleria deal with Lloyds Bank until it is signed, sealed and delivered. However the company is now actively looking at the design of London Bridge City, Phase 2.

In addition to putting 1,100 staff into 160,000 sq ft at Hay's, Lloyd's says it is negotiating to acquire a new site in the City to accommodate another 1,600.



Oil companies' profits surprise City

Royal Dutch/Shell and British Petroleum both reported sharply reduced first-quarter profits yesterday on an historic cost basis, writes Max Wilkinson.

However, on the alternative current cost of supplies basis the results of both groups showed sharply increased after-tax profits compared with the figures for the first quarter of 1985.

The steepness of the rise in replacement cost profits—42 per cent in the case of Royal Dutch/Shell and 84 per cent for BP—took City analysts by surprise.

These large and contrary swings result from the different way in which the fall in oil prices show up in the two methods of accounting.

However, both companies face a further erosion of their upstream profits in the second quarter. BP said that its results reflected an average price of North Sea Forties crude of $20 per barrel compared with $28 in the previous quarter. Since then, crude prices have fallen further, with the Brent crude spo tdipping below $10 per barrel before recovering to yesterday's level of $14.

In spite of the ravages which falling oil prices have made to the historic cost profits, the share prices of Shell and BP both rose on the London Stock Exchange yesterday—Shell Transport and trading's by 8p to 773p but BP's fell by 10p to 553p.

For both companies, the fall in historic cost net income reflected an after-tax loss on oil stocks: £593 mfor Shell and £718m for BP. This represented the fall in the value of stocks purchased last autumn when prices were much higher.

The rise in net profits on a current cost of supplies basis reflects the fact that the cost of replacing present stocks has fallen much faster than the price which the companies could obtain for products, including petrol.

Shell's own equity production of oil in the first quarter at 1.75m barrels a day was only 56 per cent of the crude processed by its refineries on a worldwide basis.

On a replacement cost basis, therefore, the lower price of bought-in crude benefits the company so long as prices for its products do not fall too steeply.

On the historic cost basis, Shell and BP essentially had to set off the cost of old stocks of higher priced crude against the weakening prices of products.

In the second and third quarter the disparity between results of these two accounting methods is likely to be reduced unless there is another sharp change in the level of oil prices.

Historic cost profits will tend to improve as stock losses drop out of the accounts, but replacement cost profits are likely to fall also as product prices respond to the continued downward pressure of lower crude

Mr David Gray, oil analyst for brokers James Capel, estimates that for both companies the margin obtained on the sale of petroleum products rose to an average of about 6p per gallon in the first quarter, compared with about 1½p a year ago. He thinks the margin is likely to fall back as a result of competition in the market place.

As these profit margins are eroded he expects replacement cost profits to fall. In the case of BP he said replacement and historic costs could both settle at around £250m.

● The British Council of Churches, the Central Finance Board of the Methodist Church and the United Reform Church all announced yesterday that they had sold or were about to sell their shares in Shell Transport and Trading as a result of the company's continued involvement in trade in South Africa and Namibia.

See Lex

Shell rides out crude price fall

Royal Dutch Shell yesterday reported a 34 per cent fall in its first quarter after-tax profits compared with the first quarter of 1985 to £718m on an historic cost basis.

However, on a current cost of supplies basis after-tax profits rose by 42 per cent to £1.31bn.

Shell warns: "It is likely that average crude prices for the second quarter will be lower than for the first quarter and this would further reduce earnings in the group's exploration and production sector, in addition to the normal seasonal decline."

It says that pressure on margins in the manufacturing, marine and marketing divisions can be expected to increase.

Shell's first quarter accounts show that in spite of the fall in crude prices the group generated a £541m increase in cash and short term securities while reducing total debt by £171m.

This compared with a cash surplus of £853m in the first quarter of 1985 after a debt reduction of £949m.

Shell said that capital and exploration spending had been "undergoing a re-assessment in the light of lower oil prices."

For 1986, total planned spending on these items had been cut by 12 per cent to £5bn. Shell says this reflected the views of host governments and joint venture partners.

Shell's equity production of crude oil at 1.75m barrels a day was 5 per cent higher than the level a year earlier, while natural gas production was up 3 per cent in volume at 7.79bn cu ft per day.

In the downstream operations (manufacturing, marketing and marine) the group reported unchanged sales volumes, with a 4 per cent rise in the volume of gasoline sales and a 5 per cent rise for diesel offset by a 14 per cent reduction in fuel oil sales.

Reported earnings for the world outside the US dropped sharply from £315m in the corresponding period of 1985 to only £40m, but this was after accounting for stock losses of £574m.

On a current cost basis downstream profits rose steeply from £159m in the first quarter of 1985 to £614m. In the US dollar earnings rose by $53m to $61m in the first quarter of 1986.

The accounts show the cushioning effect of high marginal tax on upstream profits. Total income before tax was £1.95bn in the first quarter of 1986 compared with £3.13bn a year earlier. However the tax bill fell from £2.01bn to £1.23bn.

Earnings in the chemicals business fell from £64m to £30m outside the US, while earnings from coal were sharply down at £1m compared with £5m a year ago.

Currency exchar.?e losses of £78m in the first quarter compared with losses of £108m a year earlier. The losses arose mainly on dollar funds held by the group and on other assets as the dollar weakened against sterling and other currencies.

Group turnover fell from £20.03bn a year ago to £15.3bn.

● Anti-apartheid demonstrators forced the suspension of the Shell annual general meeting yesterday with persistent questions about the company's involvement in South Africa.

M.W.

BP warns of a volatile market

British Petroleum reported a fall in its historic cost after tax profit to £22m in the first quarter of the year compared with £515m a year ago.

The company said "this was after stock losses of £718m caused by falling oil prices."

However, on a replacement cost basis, the group's profits after tax rose to £740m, compared with £402m in the first quarter of 1985.

Sir Peter Walters, group chairman, said: "The composition of the replacement cost operating profit has changed significantly, with decreased contributions from BP Exploration and Standard Oil (the US subsidiary) offset by strong performances from our refining and marketing and chemicals businesses."

He added: "The oil market is likely to remain highly volatile in 1986 and we are taking positive steps to sustain our financial strength by tightly controlling planned capital and operating expenditure."

BP Exploration produced an average of 701,000 barrels per day of crude oil, 12 per cent more than in the fourth quarter of 1985, with 70 per cent of it coming from the UK.

However, on a replacement cost basis BP Exploration's operating profits of £244m were 44 per cent less than the result for the first quarter of last year.

BP Oil International, the downstream operation, recorded a sharp increase in replacement cost operating profit at £403m compared with only £61m in the same period of 1985. However, this pre-tax profit was too little to cover the £520m stock loss and the historic cost operating loss was £117m.

The chemicals division made a pre-tax replacement cost profit of £53m, compared with only £4m a year earlier.

Standard Oil of the US contributed a £20m historic cost loss. Its contribution of £15... on a replacement cost basis was £81m lower than in the first quarter of 1985.

Earnings per share dropped from 28.2p in the first quarter of 1985 to 1.2p.

The group generated £396m in funds in the first quarter of this year compared with £39m a year ago. Debt was reduced by a further £898m.

Group turnover fell from £11.48bn to £8.48bn. However, BP's capital expenditure fell only 8 per cent to £427m. Standard Oil's capital spending fell by a third to £316m between the two quarters.

M.W.

The Pru builds up estate agency network

By Eric Short

THE Prudential Corporation, Britain's largest life company, has taken another step towards its goal of a nation wide chain of estate agents.

Its subsidiary, Prudential Services, has acquired A. C. Frost and Company, a major estate agency chain, for an undisclosed sum.

This third estate agency acquisition with its network of 31 offices in the Thames Valley area—Berkshire, Buckinghamshire, Middlesex, Oxfordshire and Surrey—brings the total number of estate agency outlets for Prudential Property to 76.

In the past year, Frost completed deals on more than 3,200 residential properties involving a value of around £260m.

The Prudential Corporation has been expanding its retail financial service operations beyond its traditional insurance based products into other sectors—the most notable being direct unit trust management and estate agency operations.

It recently announced a £357m rights issue to finance this expansion programme of which at least £100m was earmarked for a nationwide estate agency chain of at least 500 offices by the end of the year.

Mr Graham Clay, managing director of Prudential Property Services, said that the Frost acquisition epitomised the type of operation the Pru was looking for to develop its national estate agency chain—well managed, progressive and enjoying an excellent reputation for a high standard of service.

At present the Pru is represented in Southern England, the Thames Valley and the Fenlands. Mr Clay anticipated a further acquisition within a month of an estate agency chain situated further north.

Such an acquisition would, according to Chartered Surveyors Weekly, make Pru the fourth largest chain by number of offices.

In addition to residential property, Frost also has a wide range of commercial estate agency services to a variety of clients.

Pru's initial estate agency acquisition, Ekins, Dilley and Handley also had a substantial commercial operation. However the Pru has no intention, at least for the present, of becoming a major commercial estate agency group. Its ambitions relate mainly to domestic property.

Exchange rates depress GrandMet profit by £13m

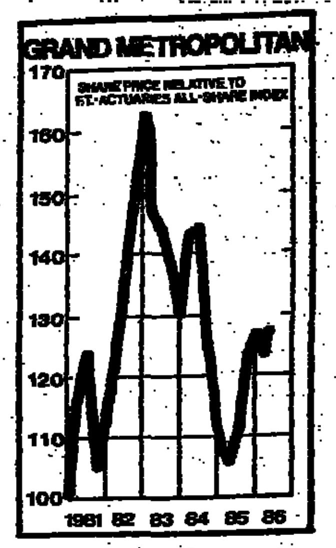
Grand Metropolitan, the hotels, brewing and leisure group, was badly hit by adverse currency movements in the first half of the 1985-86 year. The interim pre-tax profit, just 6 per cent ahead at £140. m, would have been £13.4m higher had they been translated at last year's rates.

The effect was most noticeable in the US consumer products division, where trading profits fell nearly 9 per cent to £35.4m. Expressed in dollars, the outcome would have been 11 per cent higher, benefiting from an improvement in margins in the cigarette business despite the fall in demand for fitness equipment.

The interim dividend is raised from an adjusted 3.636p to 4p, with earnings per share standing at 12.7p (11.5p adjusted). The charge for tax fell from £34.6m to £30.6m, but there was a lower extraordinary credit of £17.1m (£26m).

An analysis of trading profit in the UK shows: brewing £34.2m (£30.3m); consumer services £33.2m (£28.3m); foods £15.9m (£11.1m). In the international division wines and spirits made £62.1m (£68.6m).

The directors say that the



UK sector made very satisfactory progress and achieved a 19.5 per cent increase in trading profit compared with the corresponding period of the previous year.

Higher sales volumes in brewing reflected the substantial investment in brand development which has been made in recent years, while consumer services benefited particularly from the success of its licensed retailing and industrial catering activities. Foods' trading profit was significantly higher than a year ago, despite the sale of its liquid milk business in the north of England.

Interest charges fell from £55.8m to £51.3m, mainly because of lower rates and favourable exchange movements.

The company also said that it was still keen to dispose of its US cigarette business Liggett & Myers, and the fact that this was back in profit might make it more attractive to a potential buyer, though none has yet been found.

The company also indicated yesterday that the US reluctance to visit Europe this summer would depress its hotels business, the main profit earners being those on the Continent. Hotels are included in the group's international division, which saw static profits of £10.7m for the half year to March 31, 1986.

The directors say that the acquisitions and disposals made over the last year distort the comparable figures, which show a fall of £179m to turnover of £2.57bn and trading profits of £191.5m (£187.7m).

See Lex

Crowther may bid for Sunbeam

John Crowther Group, the rapidly expanding textiles group, has bought a 21.5 per cent stake in Sunbeam Wolsey, the Irish textiles manufacturer, and started talks which may lead to a bid for the company.

Sunbeam shares rose on the news, to close at 116p, up 10p on the day, giving it a market capitalisation of £9.7m. Crowther's stake was acquired at a price of 105½p a share, apparently from Namaval Holdings, a Panamanian company, which yesterday announced that it had disposed of a similarly large stake.

Sunbeam's interests include the manufacture of wool, knitted products and industrial yarns and several of its subsidiaries are in the UK. In 1985 it recorded pre-tax profits of I£1.34m (I£1.21m) on turnover of I£32.16m.

The Crowther Group has been transformed from a relatively small company into a substantial force in the UK textiles industry in the last few months through a rapid succession of takeovers.

In October it became a leading carpet manufacturer through a complex three-way deal in which it acquired Carpets International UK and Weavercraft, another carpets company.

Then in March it made an agreed £37.5m takeover bid for MCD Group, a floor coverings distributor, and another of £9.1m for WW Group a clothing distributor. Later the same month its announced the acquisition of the assets and goodwill of J. Barlow and Co (Nottingham), a knitwear manufacturer, for £1m.

DIVIDENDS ANNOUNCED

Bank of Ireland	14§...	July 4	12	20.5	17.5
Brit. & Commonwlth .	2.8†	July 10	2.2	5	4
El Oro Mining	4.62	—	4.2	4.62	4.2
English China ......int.	4.25	Sept 30	4	—	11
Exploration	2.31	—	2.1	2.31	2.1
John Foster	2.5	July 16	2.5	3.5	3
Grandmet .... int.	4	Oct 6	3.64*	—	9.1*
C. E. Heath	17.4	—	15	24.4	21
London Atlantic	4.75	July 14	4.25	6.7	6.1
Radio Clyde ......int.	1.25‡	July 11	1.25	—	3.25
Warner Estates ...int.	7.5	—	6	—	18
Western Selection int.	1.3	July 4	1	—	2.7

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Harvard raises stake in Warren

The shares of USM-quoted Lloyd's insurance broker Dewey Warren Holdings rose 10p to close at 121p yesterday after news that Harvard Securities had increased its stake in the company from 6.5 per cent to 8.9 per cent.

Harvard, the licensed dealer and over-the-counter market-maker, has recently been on the acquisition trail making an unsuccessful bid for United Computer and Technology, the investment trust, and then bidding for City and Foreign Investment.

UK COMPANY NEWS

C E Heath profits hit by Australian insurance changes

PROBLEMS IN Australia meant static profits at C. E. Heath, the international insurance broker and underwriter, in the year to March 31 1986. At the operating level, they came to £32.58m.

In Australia, the State of Victoria has introduced a single state insurer system to the detriment of Heath's workers' compensation insurance business, and there has been the adverse impact of exchange rate movements.

There is again an above-the-line exceptional charge — this time £2.2m (£2.53m) — leaving the year's pre-tax profit at £30.37m, compared with £30.12m.

The provision has been made against potentially irrecoverable amounts owed by insurers and intermediaries, relating to trading activities in the late 1970s.

Earnings show an improvement from 61p to 62.7p. But the dividend is raised by 16 per cent, from 21p to 24.395p net, with a final of 17.395p.

After tax £10.43m (£10.83m) and minorities £150,000 (£127,000), the attributable profit worked through at £19.79m (£19.16m).

This time there is a £419,000 extraordinary charge, representing the sale of the Lloyd's Agency operations less the loss on disposal of several long-term and related company investments and some non-recurring reorganisation costs.

● comment

One cannot help feeling sorry for C. E. Heath. Because of two factors outside its influence it has reported flat profits last year, and by the same two features is going to have to do spectacularly well in other areas to report any increase in the current year. The company has been struck by unfavourable currency movements which have reduced profits by about £5m, and then by the nationalisation of the workers' compensation business in Australia. This has not only cut underwriting profits, this year by about £2m, and by about £4m next, it has also removed a fat slice of profitable business from the Australian broking operation. While Heath is putting everything into filling the hole, the process is likely to take until the end of next year. Meanwhile, the UK broking side is doing at least as well as the opposition, even though Heath is not flattered by its March year end, as market conditions got tougher during the first three months of '86. Nevertheless, the dividend increase is a sign of confidence, and a similar rise this year would give the shares, at 610p, a prospective yield of 6.5 per cent, which should lend support until happier times arrive.

BSR plans to float Tenby and raise £12m

By Lucy Kellaway

BSR, the troubled electrical goods manufacturer is planing to float its UK electrical accessory and engineering businesses on the Stock Exchange at the beginning of next month.

BSR will be selling about 60 per cent of its holdings in the new group, called Tenby Industries, to raise an estimated £12m which will reduce its high level of borrowings.

Mr Frank Brown, managing director of BSR UK, said yesterday that the sale was strongly in the interests of both companies. Mr Brown will become managing director of Tenby, and give up his position on the BSR board.

Tenby is made up of two parts, one of which makes electrical accessories, and the other specialist engineering components.

At the time of the reorganisation at BSR in 1982 when the central management moved to Hong Kong all of the engineering companies were making losses. In the last three years the companies have been restructured, costs have been reduced and activities have been redirected towards high quality, specialist markets.

As a result of the rationalisation, pre-tax profits have risen from £762,000 in 1981 to £2.5m in 1985, on sales up from £13.5m to £31.1m. The group's profit last year compared to a pre-tax loss of £6m incurred by BSR during 1985.

B & C set for substantial programme of investment

DESPITE a sharp setback by its air transport activities the British and Commonwealth Shipping Company saw its profits for the 1985 year surge from £66.22m to £76.85m at the pre-tax level.

The company is now a diversified transport and financial services concern having substantially reduced its shipping activity.

The principal related costs of this move away from shipping were taken below the line and included in extraordinary items which emerged as a credit of £60.81m having taken in the profits from the sale for £108m of the company's holding in Exco International and the partial sale of the holding in Telerate Inc.

The book value of B and C's interest in Exco at end-December 1984 was £48.7m.

The directors say it is clear that 1986 is to be a year of change, pointing out that there will be considerable diminution in the attributable profits of associated companies (they rose from £42.76m to £51.22m in 1985) having disposed of the Exco stake and more recently that in Overseas Containers.

They tell shareholders that the disposals have realised substantial sums for reinvestment and with opportunities for new investment described as many and varied they view the future with confidence.

Group turnover for 1985 improved from £376.55m to £402.35m but at the operating level profits fell by £1.59m to £20.69m.

A divisional breakdown shows shipping losses rose from £2.3m to £2.76m and air transport profits fell from £17.12m to £9.24m.

Mr John Gunn, an executive director of B and C

The reduction in profits by air transport reflected a reduced contribution from Bristow Helicopters and losses incurred by Air UK.

Aviation support services' profits fell to £5.1m (£6.1m) and hotels from £966,000 to £893,000. Office equipment, however, pushed ahead from £2.56m to £3.24m.

Operating profits also took account of the proceeds from the sale of aircraft amounting to £9.11m (£7.41m) and a provision for unrealised currency losses of £2m (£7.6m).

Income from investments added £2.07m more at £17.46m and interest charges were reduced from £14.21m to £12.51m.

After tax of £30.61m (£24.04m) and minorities of £10.17m (£11.37m) profits emerged at £36.06m, compared with a previous £30.81m.

Earnings came through 1.7p ahead at 19p and a final dividend of 2.8p (2.2p) lifts the total by 1p to 5p net per 10p share.

B & C sold its 21.4 per cent stake in Exco to the Kuwait Investment Office, the London-based organisation which handles much of Kuwait's oil wealth, last November.

Speculation had surrounded B & C's holding in Exco following the departure of Mr John Gunn, Exco's chief executive, for an executive directorship with B & C.

● comment

There are two schools of thought on the British & Commonwealth Shipping Company. One is that John Gunn, its recently recruited chief executive, will wave a magic wand and lead the company into a stream of go-go financial ventures. The other is that B&C's trading base has eroded to such an extent, that its decline is irrevocable. Both schools had their say yesterday and, after early selling and late buying, the share price remained unchanged at 316p. With just one ship left B&C is now a shipping company in name only. Its aviation activities are faring little better. These problems within established areas of activity, paired with a stream of disposals which will reduce the contribution from associates by around £20m, should produce a fall in profits to £73m or so and a p/e of 13.5 this year. Whether the prospects for 1986 are any brighter, and which school of thought will be vindicated, depends entirely on how new ventures like Kaines devlop and one the direction in which John Gunn diversifies.

Inchcape pays £18m in US assurance deal

BY ALICE RAWSTHORN

Inchcape, the troubled international trading group, has acquired the privately-owned US quality assurance company, the Intertek Services Corporation, for $27.6m (£17.9m) in a cash deal.

Intertek is involved in the provision of inspection and quality assurance services to the US aerospace and defence industries. Through an association with Swede Control it also provides testing services to a West African government.

In the year to December 31 it produced pre-tax profits of $4m (£2.6m) and had a net asset value of $2.8m (£1.8m).

Inchcape is already involved in the test and inspection industry through its subsidiary, Specialist Services International, which was acquired two years ago and provides inspection services throughout the world.

Nonetheless Intertek will function as an autonomous subsidiary within Inchcape with its management structure left intact. The current chief executive, Mr Michael DeArmond, will become chairman.

Inchcape has identified the test and inspection sector as a potential growth area and is now scouting about for new acquisition opportunities.

In the year to December 31 Inchcape's pre-tax profits fell by £32.7m to just £46.2m. The company's share price lost 2p to 353p yesterday.

ANNUAL MEETINGS

Optimistic outlook from GKN chief

GKN's results for the first four months of the current year were ahead of those for the corresponding period last year, the annual meeting was told by Sir Trevor Holdsworth, the chairman.

He said he had no reason to amend or qualify the conclusion he came to two months ago, when he said the economic and commercial outlook for the immediate future continued to be generally satisfactory and that would enable it to achieve further overall financial improvement.

● Iceland Frozen Foods shareholders were told that trading for the first part of this year had got off to a "buoyant start."

New branches were performing well and the expansion programme for the current year was ahead of earlier expectations. It has already 26 committed store opening for 1986 and expects the total for the year to be around 30, of which only nine will be open by the end of the first half. The 12 Orchard stores acquired at the end of last year are now into profit.

The company is confident that overall performance this year will be at least in line with expectations.

COMPANY NEWS IN BRIEF

KING AND SHAXSON, the discount house, yesterday declared unconditional its takeover bid for Smith St Aubyn, the fellow discount house. Smith originally agreed to be taken over by Irving Trust, the US banking group, but switched its allegiance when King and Shaxson emerged with a higher offer.

NORTH MIDLAND Construction, civil engineer and public works contractor, incurred a lower £6,000 (£16,000) pre-tax loss for the six months to February 28 1986, on turnover up from £3.86m to £4.02m. Losses per 10p share are shown as 0.16p (0.71p). There is again no interim dividend. The group is changing its year end from August 31 to December 31, and the directors anticipate that results for the 10-month period will show a return to profitability.

ASDA PROPERTY Holdings, which came to the market in April 1985 has reported pre-tax profits of £1.1m for the year to end-December. For the nine months to end-1984 £568,000 was achieved. Turnover was £9.82m (£6.36m). As indicated in the prospectus, the company is paying a 3p dividend for the period from earnings per 20p share of 8p (7.1p).

RAMCO OIL Services incurred a loss of £95,000 for 1985 (profit £910,000) and blames global downturn in oil industry activities. Measures have been taken to gain maximum advantage of any upturn in the current year, and to broaden range of services beyond the immediate requirements of the oil industry.

EXTERNAL INVESTMENT Trust is raising its dividend from 12p to 14.5p net for the year ended March 31 1986, from earings of 13.5p (13.76p). The final is 8.5p. Gross income came to £1.87m (£2.16m), including franked £877,000 (£864,000), unfranked £414,000 (£905,000), underwriting commission £306,000 (£175,000). Asset value was 646.1p (490.5p) basic and 625.2p (487.6p) diluted.

GESTETNER HOLDINGS—In separate deals, subsidiaries in the US and Canada have sold their head office freehold properties for net proceeds which, at present exchange rates, total £10.7m. These are approximately £1.5m above book amounts and will be used to repay a mortgage of £4.2m and reduce local borrowings.

HEITON HOLDINGS has agreed to acquire M. Doherty and Co. Doherty has carried on business as coal merchant, ship broker, and agent for many years. Principal assets is a 26 per cent shareholding in Consolidated Holdings which, through its three principal subsidiaries, Coal Distributors, P. Donnelly and Sons (Galway) and R. and L. W. Hunter, is claimed the largest coal importing group in Ireland. Heiton already has a 27.5 per cent stake in C. H. Doherty and also owns a property in Westmoreland Street, Dublin.

THERMAL SCIENTIFIC has conditionally contracted to purchase Sharetree, designer and maker of electronic burn-in equipment, for £2.08m, satisfied by the issue of 490,897 Thermal shares. Of these, 412,893 will be placed at 425p each. In 1985 Sharetree produced sales of £1.5m and profits of £82,186;

North America helps Royal to £67m turnround

MUCH BETTER results from North America lifted **Royal Insurance**, the UK's largest composite insurer, to profits of £29.4m in the first quarter of 1986, a near £67m turnround from the loss last time.

The pre-tax profit was well ahead of market expectations, which had looked for £10m at best, and the shares touched 952p, 30p ahead, before slipping back to close at 932p, just 1p up.

The recovery was most marked in the US, where the company made £13.3m in the three months to March 31, compared with a loss of £27.3m. In Canada, last year's deficit of £5.5m became a surplus of £2m.

Mr Alan Horsford, the chief executive, commented yesterday "while too much should not be read into one quarter's figures, the pre-tax profit provides a moderately encouraging basis for further progress during the rest of the year."

The first quarter saw losses persist in the international and Nederland divisions, at £0.3m (*same*) and *£0.8m* (*£1m*) respectively. Australia just broke even compared to the £1.1m loss last time.

Mr Horsford said: "In the rest of the world (outside North America and the UK) less progress was made but the trends were mostly in the right direction."

In the company's second biggest market, the UK, weather losses were again heavy at around £30m—virtually the same as last time—but despite this, profits turned round from a £11.2m loss to a £6.5m surplus.

Profit from general insurance was £1.3m against a comparable loss of £67.4m, with premiums written at £744.9m (£712.5m), and the deficit on the underwriting balance reduced from £139.9m to £65.3m. The share of investment income fell from £72.5m to £66.6m, and on the long-term insurance account from £21.9m to £18.7m.

Mr Alan Horsford, chief executive of Royal Insurance

After a tax charge of £5.1m (£11.3m credit) and minorities, *net profits came to £24m* (£25.8m loss) for earnings per share of 10.2p (10.9p loss).

Commenting in detail on the results, the chief executive said that in the US the statutory operating ratio after policyholders dividends was 108.6 per cent, down from 123.1 per cent. Results improved in most classes of business to produce a small insurance profit. Total dollar premium income rose by 34 per cent largely accounted for by commercial lines

Premium volume increased by some 18 per cent in the UK aided by price firming in most lines. All classes other than personal motor and international programmes written for UK clients in the London market produced better results with the most marked improvement being achieved in commercial business.

In Canada the improving trend in commercial classes evident in the second half of 1985 continued, with a somewhat better result in the personal classes, including a marginal insurance profit. Premium growth in local terms of 31 per cent was accounted for by price increases, mainly in commercial business, which also assisted in the five points improvement in the expense ratio.

● comment

In the first quarter of 1986 the Royal Insurance company found itself, for the first time in years, in the right places at the right time. Within the international insurance industry the boom-boom sector was commercial business, specifically in the US, UK and Canada and the Royal, of all the composites, was best placed to benefit from the boom. The market had anticipated the trends but had underestimated the extent of the Royal's recovery, perhaps because adverse exchange rates exaggerated its dollar losses in the first quarter last year. Analysts have been busily upgrading their profit forecasts for the full year to £225m and a p/e of 13 on a reduced tax charge of 25 per cent for 1986 which will soar to 35 per cent in 1987 once the US losses are exhausted. The US commercial rate increases, which buoyed these results, will continue to filter through for the next year or so and the company anticipates continued recovery in Canada. The only imponderable hovers over the development of the life market in the UK. Given that there is little scope for growth in its core commercial territory, the Royal's future prospects will pivot on how efficiently it manoeuvres itself into the unit-linked life industry.

Exco to buy 15% of its own shares for £88m

By Lucy Kellaway

EXCO INTERNATIONAL, the money broking and financial services group, yesterday asked its shareholders to authorise it to buy up to 15 per cent of its own shares for a maximum price of £88m.

At the year end, the company had cash balances of more than £320m, boosted by the sale last year of its 52 per cent stake in Telerate.

Mr John Sangster, Exco's chairman, *told* shareholders in the 1985 annual report, published yesterday, that "the very substantial cash resources available to us will not be allowed to burn a hole in our pocket."

Although the group continued to look for substantial acquisitions in the financial services sector, it might become appropriate for the company to buy some of its own shares, he said.

Consequently, Exco is seeking permission to buy up to 35m shares at not more than 250p each.

If the company does purchase its own shares, it will only be the third major company, after GEC and Jacob Rothschild to have done so.

Last March, Exco called off merger talks with Morgan Grenfell, because the merged group fell foul of the Bank of England's O'Brien rules, which forbid close links between a bank and a money broker.

"This proposal, unfilled though it was, demonstrated that our basic objective is to add one or two major businesses to our existing three main activities of money broking, stockbroking and forfeiting," Mr Sangster said.

ECC ahead by £7.7m halfway

THE SALE of the leisure division and a big reduction in expenses and interest charges are the major benefits to come through in the half-year results of English China Clays.

For the six months ended March 31 1986, the profit before tax has increased from £24.36m to £32.08m. Group expenses and net interest charges were cut from £7.74m to £3.63m and the sale of the leisure side dispensed with losses—£2.83m in 1985.

On the trading front, EEC International and transport and services made £24.44m (£24.52m), quarries £6.99m (£5.79m), International Drilling Fluids £1.75m (£2.48m), and construction £2.52m (£2.13m).

The directors are lifting the interim dividend from 4p to 4.25p net, and intend to at least maintain the final at 7p.

In the half-year, certain subsidiaries have been sold. With the exception of the leisure division, their sales and profits are included in the half-year figures.

Inclusion of the leisure side would have meant *taking* in winter costs only, and it was thought this would be misleading. Therefore, these costs to January 31 (the effective sale date) of £3.1m and the related tax relief of £1.2m have been included in extraordinary items.

Sales of the subsidiaries raised £41m cash, of which the leisure side accounted for £37.5m. The company's current net borrowings are virtually nil. Earlier in the year the company had raised £86m through a rights issue.

Sir Alan Dalton, chairman, in his review of trading, says ECC International (formerly Clays) had a satisfactory half with sales levels to all markets at least maintained. Paper industries in Western Europe and the US held up well; ECC America produced a good result

Turnover in the half year came to £310m (£334.4m) and trading profit to £35.71m (£34.92m) excluding leisure. Tax takes £11.8m (£9.74m) and minorities £114,000 (£136,000), to leave the net profit at £20.16m (£14.49m) for earnings of 9.94p (8.74p) per share.

● comment

The City has perennially cost English China Clays as the designer victim of a takeover bid; and speculation as to a true net asset strength circa £5 a share plus last summer's unhappy £86m rights issue certainly made EEC vulnerable in the second half of 1985. However, the boot is now on the other foot. First, those who subscribed to the rights at 220p have every reason to be happy with the rise to 348p. Second, the dull and highly cyclical leisure activities have been sold to Rank. Third, with next to no debt and better rated paper, the prospect of ECC itself turning predator has been greatly enhanced. While no target springs immediately to mind, the tradition of agreed bids could be discarded for something in the reigon of £100m market capitalisation, with perhaps the odds being on the housing construction side. This year cash and profit generation is sufficiently strong to fund a generous capital spending programme and although International Drilling Fluids cannot be expected to make much profit given the current climate, it seems to be coping better than some. This year ECC could surprise the market by reaching £95m pre-tax. At this level the shares are on a prospective multiple of 11½. It is hard to argue that the stocks does not desreve a rating closer to the market's 14.

UK COMPANY NEWS

Acquisitions cause greater problems for John Foster

A DISAPPOINTING second half has resulted in only maintained profits for **John Foster and Son** in the year ended February 28 1986. The group is a spinner and manufacturer of cloths.

Turnover in the year came to £24.33m, against £21.53m, and the pre-tax profit was £1.13m, compared with £1.1m.

Earlier expectations of a greater improvement in the second half were not fully realised partly due to deferment of certain existing orders from markets affected by the weak dollar.

The result brings to a halt the group's rapid rate of growth since its losses in the early eighties. Profits of £245,000 were earned in 1982-83 with £602,000 in the following year.

The directors say recent acquisitions have caused greater problems than originally expected; furthermore, the cost of these involved disbursement of significant cash and the company has suffered from high interest rates—the charge for the year rose from £550,000 to £723,000.

In spite of less advantageous world trading conditions, export business (particularly in the Far East) continue to flourish. There has been a satisfactory increase in exports to Europe with sales rising by over one-third to reach £7m.

After tax of £123,000 (£116,000) earnings for the year are shown at 11.4p (11.2p), and the final dividend is 2.5p for a net total of 3.5p (3p).

● comment

Relative to the market John Foster has been travelling sideways since the beginning of 1981—a trend totally justified by yesterday's disappointing figures. Despite the confidence of last November, profits are barely higher than the previous year and still short of the figure earned in the dim and distant past of 1974. An accusing finger waves towards the last acquisition, Pepper Lee, which brought more problems than Foster envisaged. Two sets of consultants have been running through the group and increased efficiencies (i.e. reduced manning) may come in time for Foster to make the £1.6m this year that everyone had anticipated for the past one. If not then the shares may find it an insurmountable task just to keep tracking in line with the market even though the historic p/e is under 8 after yesterday's 12p fall to 88p.

Aberdeen Construction increases provision

Nearly £1m has been wiped off the 1985 preliminary profit announced on May 2 by the Aberdeen Construction Group. The final dividend, however, is to remain at the recommended 5.7p net.

On the stock market the company's shares fell by 8p to 252p.

The directors explain that, since the preliminary announcement, reappraisal of the potential results on civil engineering work has ascertained that a contract for a water treatment plant in Derbyshire will result in a further loss for which no provision has been made amounting to £960,000. This contract will be completed in this year.

They are providing for that amount in the group accounts. This means that the profit before tax is revised to £3.67m, against £4.86m in 1984, and earlier earnings of 31.71p (16.61p) come down to 28.01p, after a tax charge of £964,000 (£2.11m).

Dividend total for the year is 8p (7.25p).

Warner Estate lifts profit and interim

A substantial increase in property income, with acquisitions over the last two years providing the major contribution, has enabled **Warner Estate Holdings** to lift its pre-tax profit from £1.63m to £1.89m for the half year ended March 31, 1986.

Earnings are up from 9.36p to 12.31p per share, and the interim dividend is raised from 6p to 7.5p net.

The trend to rising rents should continue as recently completed developments become revenue producing.

Bad weather and low gross margins continued to depress the builders' merchanting subsidiaries.

Extraordinary credits of £2.67m—surplus on selling vacant dwellings £1.56m and profit on sale of fixed asset investments £1.11m—have been taken to reserves.

Advertising revenue perks up to boost Radio Clyde

THE decline in net advertising revenue experienced by **Radio Clyde** in the year to September 30—in the year, pre-tax profits fell from £624,000 to £336,000—has been arrested, and in the six months to March 31 1986 this independent local radio station made considerable progress and pre-tax profits increased by 66 per cent from £189,167 to £314,284.

The figure was after adjustment for the IBA secondary rental and Exchequer Levy.

Net advertising revenue in the opening half was 4 per cent up on the corresponding period last year. Trading since March 31 indicates a further improvement in the current quarter. There was also an increase in revenue from non-broadcasting entertainment during the six months.

Radio Clyde instituted a number of cost-cutting measures in 1985, and the benefits of these are reflected in the increase in profits and will continue to flow through during the remainder of the current financial year, say the directors.

First half turnover improved by 17 per cent from £2.12m to £2.47m. Tax took more at £118,000 compared with £80,000, leaving attributable profits £87,000 higher at £196,000.

The interim dividend for both voting and non-voting shares is again 1.25p net—last year's total was 3.25p. Dividends absorb £71,000 (same), for retained profits of £125,000 (£38,000). Stated earnings per 25p of this USM company were 3.43p against 1.91p.

Midway growth for Western Selection

Western Selection, the telecommunications wire and cable maker and general investment portfolio manager, has raised its pre-tax profit for the half year ended March 31 1986 from £383,000 to £586,000. The directors say the growth of the core business continues most satisfactorily and is expected to justify further capital investment in the medium term. The outlook for the remainder of the year is described as exciting.

The market value of the dealing portfolio at March 31 was £1.07m compared to a cost of £859,000. The company has since adopted a conservative investment policy, securing further profits and adding to short term liquidity.

Half year's profit includes surplus on sales of investments £151,000 (£108,000) and provision released on investment portfolio £33,000. Earnings are 3.72p (2.27p) and the interim dividend 1.3p (1p).

The growth in cable sales to the telecommunications industry produced a significant improvement in operating profit, in spite of increasing competition.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals: Boosey and Hawkes, Comprehensive Financial Services, Davenport Knitwear, Feb International, Sapphire Petroleum, Whitbread Investment, Yorklyde.

FUTURE DATES

Interims:
Polly Peck .... May 30
Smart (J.) (Contractors) .... May 29
Wolverhampton and Dudley Breweries .... May 29

Finals:
British-Borneo Petroleum Synd. .... May 22
Carless Capel and Leonard .... May 23
Clayform Properties .... †May 19
Country and New Town Props. .... May 20
Goldberg (A.) .... May 27
Harrisons and Crosfield .... May 28
Monks and Crane .... May 21
Piccadilly Radio .... June 6

BASE LENDING RATES

	%		%
ABN Bank	10½	Financial & Gen. Sec.	10½
Allied Dunbar & Co	10½	First Nat. Fin. Corp.	11½
Allied Irish Bank	10½	First Nat. Sec. Ltd	11½
American Express Bk	10½	● Robert Fleming & Co.	10½
Amro Bank	10½	Robert Fraser & Ptrs	11½
Henry Ansbacher	10½	Grindlays Bank	‡10½
Associates Cap Corp	11	● Guinness Mahon	10½
Banco de Bilbao	10½	● Hambros Bank	10½
Bank Hapoalim	10½	Heritable & Gen. Trust	10½
Bank Leumi (UK)	10½	● Hill Samuel	§10½
Bank Credit & Comm	10½	C. Hoare & Co	10½
Bank of Cyprus	10½	Hongkong & Shanghai	10½
Bank of Ireland	10½	Johnson Matthey	10½
Bank of India	10½	Knowsley & Co. Ltd	11
Bank of Scotland	10½	Lloyds Bank	10½
Banque Belge Ltd	10½	Edward Manson & Co	11½
Barclays Bank	10½	Meghraj & Sons Ltd	10½
Beneficial Trust Ltd	11½	Midland Bank	10½
Brit. Bk. of Mid. East	10½	● Morgan Grenfell	10½
● Brown Shipley	10½	Mount Credit Corp. Ltd	10½
CL Bank Nederland	10½	National Bk. of Kuwait	10½
Canada Permanent	10½	National Girobank	10½
Cayzer Ltd	12	National Westminster	10½
Cedar Holdings	10½	Northern Bank Ltd	10½
● Charterhouse Japhet	10½	Norwich Gen. Trust	10½
Citibank NA	10½	PK Finans. Intl (UK)	11½
Citibank Savings	¶10.75	Provincial Trust Ltd	11½
City Merchants Bank	10½	R. Raphael & Sons	10½
Clydesdale Bank	10½	Roxburghe Guarantee	11
C. E. Coates & Co. Ltd	12	Royal Bank of Scotland	10½
Comm. Bk. N. East	10½	Royal Trust Co. Canada	10½
Consolidated Credits	10½	Standard Chartered	10½
Continental Trust Ltd	10½	Trustee Savings Bank	10½
Co-operative Bank	*10½	United Bank of Kuwait	10½
The Cyprus Popular Bk	10½	United Mizrahi Bank	10½
Duncan Lawrie	10½	Westpac Banking Corp	10½
E. T. Trust	11½	Whiteaway Laidlaw	11
Exeter Trust Ltd	11	Yorkshire Bank	10½

● Members of the Accepting Houses Committee. * 7-day deposits 6.38%. 1-month 6.69%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.35%. Mortgage 11%

UK COMPANY NEWS

ISSUE NEWS

Charles Barker valued at £30m in SE flotation

BY LUCY KELLAWAY

Charles Barker, the second largest communications group in the UK, is being floated on the Stock Market with a value of £30.2m.

Full details are advertised today of an offer for sale of 5m shares by J. Henry Schroder Wagg at 150p. About one-quarter of these will be used to finance the purchase of Norman Broadbent International, the executive head-hunters. The remainder of the shares are being sold by existing shareholders.

The company, which was founded in 1985, now consists of four main areas: advertising, public relations, human resources and sales promotion. Charles Barker claims to have pioneered a move towards offering a broad range of services, something which the rest of the industry has followed more recently.

In public relations and human resources Charles Barker professes to be the second largest company in the UK.

Throughout its activities, the company has over 1,100 clients, of which the top fifty account for 52 per cent of operating income. The largest single client, Plessey, represents 9 per cent.

Traditionally the company has had strong links with the City, and recently has been acting for Allied-Lyons, Debenhams, BET, Rank, Guinness and Plessey in their take-over battles.

Norman Broadbent, which is being acquired for an initial consideration of £3.2m and a further performance related payment of an estimated £3.4m, is only four years old and has grown from a company making profits of £111,000 in 1983 to £1m last year.

Over the past five years Charles Barker has grown steadily in terms of both billings and profits. In 1981 it had billings of £69m, and trading profits of £535,000, compared with billings of £137m and profits of £2.6m in 1985.

The offer for sale figures have been produced on a pro-forma basis as though the two companies had been together throughout 1985. On this assumption, the shares are being sold on a historic price earnings ratio of 18.2 per cent. The yield at the offer price is 2.8 per cent.

The applications list opens on May 21 and dealings start on May 29. Cazenove is broker to the issue.

● comment

One of the best things that Charles Barker ever did was to buy Norman Broadbent. It has paid a mere p/e of 11 for a company that has grown ten fold in four years and is now making more than a third as much profit as Charles Barker itself. This deal has subsidised the flotation and allowed the institutions who want to sell to do so at a handsome price, while still presenting a fairly attractive package to potential investors. Indeed, the pro-forma rating on the enlarged group is positively down to earth compared to others in the sector. And while Charles Barker is not one of the more dynamic companies in the industry, neither could it be described as especially risky, with its weight of experience and breadth of business and clients. It is perhaps odd that the company should stress old-fashioned advertising as the strongest candidate for internal growth, as this has been one of its less successful markets, and one which promises none of the spanking growth of PR or sales promotion.

Bank of Ireland benefits from I£27m drop in provisions

A SHARP reduction in loan loss provisions enabled The Bank of Ireland to lift its 1985-86 profits from a depressed I£52.7m to I£81.3m (£73.7m) at the pre-tax level.

A £16.6m rise in tax to £37.4m left net profits at £43.9m, compared with £31.9m. Earnings emerged 13.3p higher at 54.6p and a final dividend of 14p (12p) raises the total from 17.5p to 20.5p net per £1 share. A scrip issue on a one-for-one basis is also proposed.

The year to March 31 1986 saw total income improve from £391.6m to £417.6m. This comprised interest income of £952.7m (£998m) and other income of £73.2m (£65.1m) less interest payable of £608.3m (£671.5m).

At the trading level the Bank of Ireland's profits rose from £42.7m to £74.3m.

Pre-tax profits were struck after deducting loan loss provisions of £57.1m (£83.8m), operating expenses of £270.5m (£241.7m), interest on loan capital of £11m (£14.7m) and adding in a £2.3m (£1.3m) share of related companies profits.

At year end the group balance sheet totalled £7bn and capital ratios continued strong.

The ratio of stockholders' funds to total assets was 6.4 per cent.

The directors say improvement in financial results largely reflects benefits of changes made in recent years.

● comment

Bank of Ireland has its tighter credit assessment controls to thank for lower bad debt charges this time (and higher ones the year before as the doubtful risks were identified) although part of the increased operating expense reflects the cost of expanding this side of the bank's operations. With no new large corporate items on the provisions list, the outlook is for lower charges in the future, providing the personal lending problems are kept small. Ireland's generous tax regime for borrowers (leasing plus section 84) has to be discounted before a proper picture of divisional performance can be drawn but clearly British Credit Finance, the hire purchase offshoot, had margin problems on much of its UK lending. Overall, for the group after stripping out the fall in bad debt provisions, pre-tax profits rose by only I£2m, and the I£26m rise in total income was offset by a I£28.8m rise in overheads. Until the expenses bill is tackled, Bank of Ireland looks unlikely to show gains from anything other than its tighter controls on lending. The shares, down 35p at 470p, reflect this outlook.

Alumasc launch on SE prices it over £18m

BY RICHARD TOMKINS

Alumasc, the beer barrel-to-locks group bought out by its management from Consolidated Gold Fields in mid-1984, comes to the stock market today with an offer for sale of 4.5m shares at 150p a share.

Its value at the offer price will be £18.4m and with profits of £2.7m forecast for the year to June, it is being floated on a prospective price/earnings multiple of 10.3. The issue is sponsored by Barclays Merchant Bank with De Zoete & Bevan.

The company has two arms. The first, Alumasc Ltd, is best known as Britain's biggest manufacturer of beer barrels, but it also designs and makes a range of other products including beer dispensing equipment, aluminium rainwater guttering and precision components. The second is Ingersoll Locks.

Alumasc suffered badly during the recession of the early 1980s and the management responded with a programme of retrenchment. The profits *record of the last five years has* been patchy but the pre-tax figure has risen from £695,000 in 1981 to £2.4m for the year to June 1985.

Of the 4.5m shares being offered, 1.1m are being sold by existing shareholders and 2.4m by Barclays Development Capital, which funded the buy-out. The 980,000 shares being issued by the company will raise about £1m net which will be used to repay part of the borrowings incurred

Although beer consumption in Britain is stagnant, Alumasc says that the proliferation of new beer brands is buoying demand for containers and it is also planning to expand into making stainless steel kegs. The group also expects strong growth in its other divisions.

● comment

The twin blows of recession and the decline in beer drinking treated Alumasc cruelly in the early 1980s and its survival today is a tribute to the skills of its management and adaptability of its workforce. How the market will perceive it is another matter: born of Gold Fields' decision to opt out of industry and stick to its last, the group in its present form looks something of a rag-bag of at best loosely-related activities and is probably best know for its slowest growth product, the beer keg. The non-beer related activities have been moving ahead strongly and promise more of the same, but these account for only half the profits and prospects of real excitement at the pre-tax level hang a little uncomfortably on the beer barrels and taps. That said, the prospective p/e ratio is set at a modest discount to the mechanical engineering sector and should promise an equally modest premium if the market does not succumb to its jitters.

Savage to join USM following buy-out

Savage, Britain's leading supplier of wall-mounted shelving systems, is being floated on the unlisted securities market in the wake of a management buy-out financed by Investors in Industry.

Some 3m shares—about 35 per cent of the equity—are being placed at 100p a share, putting a value of £8.67m on the whole company. Sponsors to the issue are Hill Samuel, the merchant bank, and brokers are Capel-Cure Myers.

Founded in 1937, Savage was originally a contract engineer but began making shelving systems in 1957. The present managers, most of whom have been in place since 1980, bought the company from the Savage family at the end of 1984.

Trading profits rose from £456,000 in 1981 to £737,000 in the year to June 1985, partly through organic growth and partly through acquisitions. However, the increase in interest charges resulting from the buy-out costs means that the gain at the pre-tax level has been smaller, from £225,000 to £397,000.

Unusually, none of the directors are selling shares in the flotation. Most of the net proceeds—some £2.6m—will go into the company where it will be used to cut gearing to a more manageable 30 per cent.

Pre-tax profits of at least £775,000 are forecast for the current year, putting the shares on a prospective p/e ratio of 13.7.

FT LAW REPORTS

Press centre wins claim for faulty building works

INTERNATIONAL PRESS CENTRE v NORWICH UNION
Official Referee:
Judge Esyr Lewis QC:
May 7 1986

PROVISIONS IN an agreement for a lease do not cease to have effect on grant of the lease if they are collateral to it and if the agreement does not indicate an intention that they should merge; and accordingly, a covenant in the agreement to erect a building in good and workmanlike manner survives the grant of the lease if the lease makes no reference to erection of the building but only to its repair, and if there is no expressed intention in the agreement that the covenant should not survive.

Judge Esyr Lewis, QC, Official Referee, so held when giving judgment for the International Press Centre (IPC) in its damages claim against Norwich Union for breach of an agreement for an underlease.

HIS HONOUR said that by a lease dated May 30 1969 the Goldsmiths Company demised land in Shoe Lane, London EC4, to Norwich Union for 99¾ years.

Norwich Union covenanted to erect a new building on the land "in a good, substantial and workmanlike manner and with the best materials obtainable." The new building, which became the International Press Centre, was completed by the end of 1973.

Also on May 30 1969 IPC and Norwich Union made an agreement by which Norwich Union undertook to grant an underlease of the new building to IPC. By clause 2 it agreed to erect the new building "in accordance with the covenants . . . in the building lease."

On February 3 1977 the underlease was granted for 99¾ years from March 25 1969. By clause 4(3)(a) of the underlease IPC covenanted to keep the premises "in good and substantial repair."

In August 1982 IPC noticed that mosaic tiling fixed to the exterior walls of the building was cracking. It had remedial works done at its own expense.

In the present action it claimed the cost of the remedial works as damages on the ground that Norwich Union was in breach of clause 2 of the agreement in failing to erect the new building "in a good, substantial and workmanlike manner and with the best materials . . ." The amount of the claim was agreed at £378,538. IPC had withheld rent from Norwich Union against the cost and Norwich Union counterclaimed the amount of the arrears. It was agreed that if IPC's claim failed, Norwich Union would be entitled to judgment on the counterclaim for £302,492.

Norwich Union admitted that the defects in the mosiac tiling were such as would constitute a breach of clause 2 of the agreement. However, it contended that clause 2 merged into the underlease and ceased to have any effect.

The question was whether IPC could rely on clause 2 of the agreement as entitling it to recover the cost of the remedial work from Norwich Union.

The principle of merger was described by Lord Justice James in *Leggott v Barrett 15 Ch 306, 309*. He said: "If parties have made an executory contract which is to be carried out by a deed afterwards executed, the real completed contract . . . is to be found in the deed and you have no right whatsoever to look at the contract . . . except for the purpose of construing the deed."

That principle was restated with an important qualification by Lord Russell in *Knight Sugar v Alberta Railway 1938 1 All ER 266, 269*. He said there might be provisions of the contract which survived after completion if the parties did not intend that they should be merged in the deed.

Mr Godfrey, for Norwich Union, argued that the clear intention of the parties was that clause 2 should cease to have effect after the underlease was executed, when responsibility for keeping the premises "in good and substantial repair" under clause 4(3)(a) fell upon IPC.

Mr Dyson, for IPC, argued that clause 2 required Norwich Union to build the new building "in a good, substantial and workmanlike manner" and to grant an underlease of a building so constructed. He said that was a different obligation from the duty to keep in good repair which IPC assumed under clause 4 (3) (a) of the underlease.

He submitted that clause 4 (3) (a) did not deal with the Norwich Union's obligation under clause 2 and that there was a presumption that clause 2 survived the grant of the underlease unless by clear language the agreement provided to the contrary.

As Lord Russell said in *Knight Sugar*, it was well-established that if a preliminary agreement were to be followed by a conveyance, those terms of the agreement which were not intended to be performed by the deed of conveyance were not merged with it.

In *Palmer v Johnson (1884) 13 QB 350, 357* Lord Justice Bowen said: "When one is dealing with a deed by which the property has been conveyed, one must see, if it covers the whole ground of the preliminary contract. One must construe the preliminary contract by itself, see whether it was intended to go on to any, and what, extent after the formal deed had been executed."

In *Lawrence v Cassel (1930) KB 83* where the defendant agreed in writing to sell the plaintiff a plot of land which was part of a building estate, it was held in the Court of Appeal that he was entitled to sue the builder after conveyance, for breach of the agreement.

Lord Justice Scrutton said at page 89: "The contract contained a stipulation which was collateral to the conveyance and was therefore not merged on the execution of the deed of conveyance, which said nothing about the stipulation."

Those two cases were concerned with the sale of land, but the principle established was applicable to the present case where there was a preliminary agreement embodied in a deed followed by the grant of an underlease also by deed.

By clause 2 of the agreement Norwich Union contracted to erect a building "in a good, substantial and workmanlike manner." The underlease said nothing about the quality of the building which IPC covenanted under clause 4 (3) (a) to keep in repair. There was no *prima facie* reason why the obligation undertaken in clause 2 of the agreement should not survive the grant of the underlease.

The stipulation in clause 2 was one "which was collateral" to the provisions of the underlease. There was nothing incompatible between IPC's repairing obligation under clause 4 (3) (a) of the underlease and Norwich Union's obligation under clause 2.

There was no reason why IPC should not be able to enforce the provisions of clause 2 by an action for damages though it was obliged under clause 4(3)(a) to carry out repairs after the grant of the underlease.

The mere grant of the underlease could not have the effect of ending Norwich Union's obligation under clause 2.

The remaining question was whether there were any express provisions in the agreement making it clear that the parties intended that Norwich Union's obligation under clause 2 should not survive the grant of the underlease.

It was hard to see what value the clause 2 obligation was to IPC if it did not survive the grant. The provisions of the agreement could not be construed as indicating a clear intention that clause 2 was not to survive. The express preservation of certain clauses dealing with totally different matters from clause 2 did not conflict with the continued existence of the obligation under clause 2.

Accordingly, IPC was entitled to recover the cost of the remedial works.

For IPC: John Dyson QC and Christopher Thomas (Herbert Oppenheimer Nathan & Vandyk).

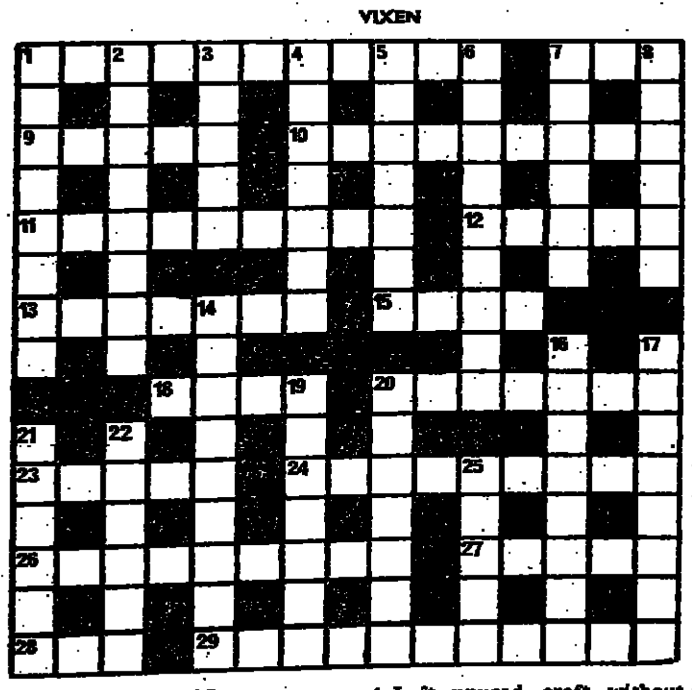
For Norwich Union: Gerald Godfrey QC and Richard Fernyhough (Alan Wilson & Co).

By Rachel Davies
Barrister

THESE REPORTS, together with full texts of judgments, are published in monthly volumes. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

F.T. CROSSWORD PUZZLE No. 6,023

VIXEN



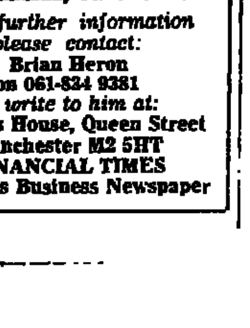
ACROSS

1 Such youngsters always come to a fishy end (11)
7 Spot a girl (3)
9 Workers who get moving? (5)
10 Outmoded transport industry (9)
11 Don't forget about prayer (9)
12 It should be included in the charge (5)
13 Silly asses will accept salt fish (3-4)
15 Outstanding trainee's engagement (4)
18 A little space reserved for a maple tree (4)
20 A Roundhead enemy's appearance (7)
23 Noted play (5)
24 Used to form a trap for the unwary six-footer (9)
26 Guides will take English money as well as German (9)
27 NCO holding a rocky height in assault (5)
28 Desert animal (3)
29 A go-ahead sportsman! (11)

DOWN

1 The instructor's sister dealt with in writing (8)
2 Serving men in the company backing others for personal protection (8)
3 It accommodates people eager to join the Spanish (5)
4 Left unused craft without cover (7)
5 Overdue, being in the red it's reported (7)
6 Clothing range with buckles (9)
7 Contribute, and so get on in time (6)
8 A fine city—almost the finest of all (6)
14 Cheered a number with medical problem (9)
16 Inspect finished appearance (8)
17 The hour-glass? (3-5)
19 Book store (7)
20 The names assumed as a lie's circulated (7)
21 Money sets a model aright (6)
22 A Greek character cutting fuel and food (6)
25 Woman represented in stone stark-naked (5)

Solution to Puzzle No. 6,022



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY — 01-628 6626

American Majors	67.8	72.5	+0.1	1.12
Amer Tech & Genl Fd	100.5	107.5	+0.2	0.55
European Growth	30.2	32.3	+0.2	0.03
European Income	35.2	37.7	+2.0	5.00
Exempt	535.4	572.9		2.03
Intnl Growth Fd	30.0	32.0	+0.4	0.13
International Income	56.3	60.2	+0.2	4.96
Jap Tech & Genl	93.0	99.5		0.01
Pacific Fund	159.0	170.1	-2.4	0.01
Secure Income Fd	172.8	184.9	-0.5	4.54
Small Co's Fd	37.4	40.0	-0.2	1.35
Special Sits	211.3	226.1	-0.7	2.18
UK General Fund	33.3	35.5	-0.3	2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ — 0800 393777

Managed Trust Acc	23.3	25.9		3.0
UK Equity Gth Tst Acc	23.3	25.0		2.0
UK Equity High Inc Inc	23.3	25.0		5.00
UK Equity Gen Tst Acc	27.3	29.3	-0.1	3.02
UK Equity Gen Tst Inc	24.7	26.5	-0.1	3.02
Gilt & Fxd Int Tst Inc	23.3	25.9		8.0
Nrth Amer Tst Acc	23.3	25.0		2.00
Far East Trust Acc	23.3	25.0		0.75
European Trust Acc	23.3	25.0		1.25

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh — 031-226 3271

American Fund	216.6	230.1		2.35
(Accum. Units)	243.2	259.1		2.35
(Withdrawal Units)	152.0	161.9		2.35
Australian Fund	111.3	118.5	-0.8	1.12
(Accum. Units)	114.6	122.0	-0.9	1.12
British Fund	587.6	625.0	-1.3	4.33
(Accum. Units)	791.5	842.9	-1.8	4.33
European Fund	270.7	288.3	+2.6	0.90
(Accum. Units)	285.0	303.6	+2.8	0.90
Japan Fund	280.5	298.7	+1.0	0.25
(Accum. Units)	281.9	300.2	+1.0	0.25
Saints PPP	165.1	173.9		—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham — 0403 56293

Equity Tst	376.8	400.9	-6.7	2.25
North America	56.6	60.2	+0.1	1.18
Far East	69.9	74.3	-0.2	0.51

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 6010

American Growth Acc.	32.0	34.0	-0.1	1.4
American Income Acc.	30.5	32.5		5.5
American Income Inc.	30.1	32.0		5.5
European Growth Acc.	48.8	51.9	+0.4	0.8
European Income Acc	23.5	25.1	+0.3	4.5
European Income Inc	23.5	25.1	+0.3	4.5
Far East Growth Acc.	39.2	41.7	-0.1	0.6
Int. Growth Acc.	33.2	35.3		2.0
Japan Growth Acc.	49.8	53.0	-0.2	0.1
UK Growth Acc.	36.3	38.6	-0.1	2.7
UK Income Acc.	32.5	34.6	-0.1	5.3
UK Income Inc.	31.7	33.7	-0.1	5.3
Managed Growth Acc.	41.7	44.3	-0.2	2.0
Managed High Yield Inc	46.2	49.1		7.0
Managed Income Inc	35.9	38.2	+0.1	3.5

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450161

Equity Dist *	279.6	295.8	3.38
Equity Acc. *	336.4	355.9	3.38
Fixed Int. Dist. †	129.0	133.9	10.12
Fixed Int. Acc. †	189.1	195.9	10.12

*Prices on May 14. Next dealing June 11
†Prices on May 14. Next dealing June 4

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 — Dealings to 0264 63432-3

TSB American	113.5	120.8	+0.4	0.98
Do. Accum.	118.2	125.8	+0.4	0.98
TSB European	47.9	51.3	+0.3	0.51
Do. Accum.	47.9	51.3	+0.3	0.51
TSB Extra Income	107.9	114.7	+0.3	4.94
Do. Accum.	126.1	134.1	+0.4	4.94
TSB General	149.6	159.1	-0.5	2.74
Do. Accum.	244.8	260.4	-0.9	2.74
TSB Gilt & Fxd Int	50.4	52.5	-0.1	8.31
Do. Accum.	65.6	68.3	-0.2	8.31
TSB Income	216.2	230.0	-0.2	4.16
Do. Accum.	331.8	353.0	-0.4	4.16
TSB Pacific	135.9	144.5	-0.6	0.58
Do. Accum.	139.4	148.2	-0.6	0.58
TSB International	286.6	304.8	+0.5	1.44
Do. Accum.	354.7	377.3	+0.6	1.44
TSB Natural Resources	42.1	44.8	+0.3	2.53
Do. Accum.	43.3	46.1	+0.3	2.53
TSB Sictd. Opps.	60.3	64.1	+0.1	1.76
Do. Accum.	66.0	70.2		1.76

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 3356

Small Co's Fund	66.6	70.8	-0.3	0.1

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks — (0296) 5941

American Eagle	71.4	76.0	-0.1	0.08
Australia	18.7	18.9		0.10

Abbey Life—Continued
Pension Funds

Property	360.5	369.0		—
Equity	758.5	798.5	-1.3	—
Selective	248.0	261.1	-0.4	—
Managed	610.8	643.0	-0.6	—
Security	328.4	345.7		—
Fixed Int.	205.7	216.6	+0.3	—
European	174.0	183.2	-1.3	—
American	216.9	228.4	+0.6	—
Japan	222.9	234.7	-0.3	—

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE — 01-833 2303

Life Funds (Accumulator Units)

Squirrel	10.46	11.02		—
Bear	11.26	11.86	-0.03	—
Owl	11.60	12.22	-0.10	—
Bull	12.65	13.32	-0.01	—
Stag	12.38	13.04	-0.03	—
Gilt-Edged		11.21	-0.03	—
Deposit		9.62		—

Pension Funds (Accumulator Units)

Squirrel	11.05	11.64		—
Bear	12.11	12.75	-0.03	—
Owl	12.48	13.14	-0.16	—
Bull	14.05	14.79	-0.02	—
Stag	13.77	14.50	-0.04	—
Gilt-Edged		11.24	-0.03	—
Deposit		9.71	+0.01	—

Exempt Approved

Mixed Managed	130.36	135.03		—

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar — 0707 42311

Equity Fd. Acc.(z)	703.6	740.6	-2.7	—
European Fd Accum(z)	192.2	202.2	-0.4	—
Fixed Int. Acc.(z)	306.9	323.0	+2.4	—
Gtd. Money Fd. Ac.(z)	196.5	206.8		—
Intl. Man. Fd. Acm.(z)	290.9	306.2	-1.2	—
Intl Fxd Int Fd Acc(z)	175.4	184.6	+0.2	—
Japan Fund(z)	222.3	233.9	-2.2	—
Nth American Fd Acc(z)	163.8	172.4	+0.5	—
Prop. Fd. Acc.(z)	198.8	209.2		—
Multiple Inv. Acc (z)	495.3	521.3	-1.3	—

Pension Funds

Eq Pen Fd Acc(z)	1265.3	1331.8	-7.0	—
Euro Fd Acc(z)	245.5	258.3	-0.7	—
Fixed Int. Acc (z)	576.8	607.1	+6.4	—
Gt Money Pn Acc(z)	317.3	334.0	+0.1	—
Intl Man Fd(z)	405.8	427.1	-2.4	—
Jap Pen Fd Acc(z)	293.9	309.4	-4.1	—
N Am Pn Fd Acc(z)	189.4	199.3	+0.6	—
Property(z)	290.6	305.9		—
Mtple Inv Pens Acc(z)	915.4	963.5	-3.3	—

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL — 0793 28291

Fixed Int. Dep Acc.	217.2	228.7	+0.3	—
Equity Acc	631.9	665.2	-6.8	—
Property Acc	311.7	328.2	+0.3	—
Far East Acc	134.2	141.3	-1.6	—
Managed Cap	311.8	328.3	-2.0	—
Managed Acc	503.6	530.2	-3.2	—
O'seas Earnings Acc.	413.1	434.9	-5.0	—
Gilt Edged Acc	273.7	288.2	+1.5	—
American Equity Acc.	352.0	370.6	+0.9	—
American Man Acc.	168.3	177.2	+0.4	—
American Prop Acc	125.8	132.5	+0.1	—
Pen. F.I. Dep Cap.	239.4	252.0		—
Pen F.I. Dep. Acc.	368.1	387.5		—
Pen. Prop Cap.	379.3	399.3		—
Pen Prop. Acc.	644.4	678.4		—
Pen Man. Cap	645.0	679.0		—
Pen. Man. Acc.	1094.6	1152.3		—
Pen. Gilt Edg. Cap	283.1	298.1		—
Pen. Gilt Edg. Acc.	392.8	413.5		—
Pen Eq. Cap.	1055.0	1110.6		—
Pen. Eq. Acc	1356.9	1428.4		—
Pen. Am. Eq Cap.	137.0	144.3		—
Pen. Am. Eq Acc	148.6	156.5		—
Pen. Far East Cap	160.7	169.2		—
Pen. Far East Acc.	174.3	183.5		—
Pen. B.S. Cap	252.8	265.5		—
Pen B.S. Acc.	378.4	397.4		—
Pen. D.A.F. Cap	202.3	202.3		—
Pen. D.A.F. Acc.	269.8	269.8		—
Pen. Mortgage Cap	113.6	119.6		—
Pen. Mortgage Acc	123.3	129.8		—

American Life Insurance Co UK
2-8 Altyre Road, Croydon CR9 2LG — 01-680 7181

Alpha Range—Life

Managed Acc.	95.0	100.6	+0.4	—
American Acc	95.4	100.4	+0.1	—
Deposit Acc	95.2	100.2		—
European Acc	95.5	100.5	-1.0	—
Far Eastern Acc	98.2	103.4	-1.2	—
Fixed Interest Acc	94.4	99.4	+1.1	—
International Acc.	96.6	101.7	-0.5	—
Property Acc	96.7	101.8		—
UK Equity Acc	94.0	98.9	+0.6	—

Alpha Range—Pensions

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141

NOTES—Gross, rate to those exempt from composite rate of tax. Net, actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase as ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk.	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	2½
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	59

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Lean times ahead for Argentine farmers

By Tim Coone in Buenos Aires

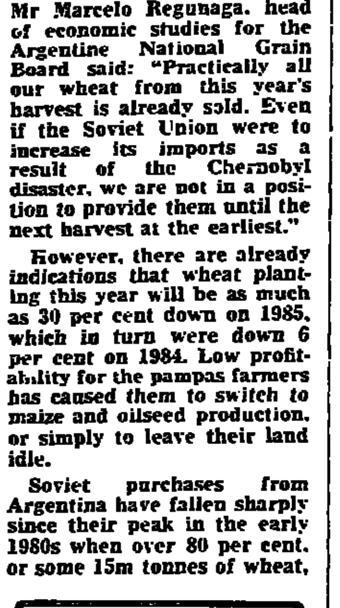
THE vast Argentine pampas, stretching out over thousands of square miles in the hinterlands of Buenos Aires and Bahia Blanca are expected to produce record harvests of maize and sunflower seeds this year.

However, neither this prospect, nor the possibility of increased Soviet buying after the Chernobyl nuclear accident, has prevented deep gloom settling over Argentine grain producers and traders.

Regarding the prospects for more Soviet purchases on the international grains market, Mr Marcelo Regunaga, head of economic studies for the Argentine National Grain Board said: "Practically all our wheat from this year's harvest is already sold. Even if the Soviet Union were to increase its imports as a result of the Chernobyl disaster, we are not in a position to provide them until the next harvest at the earliest."

However, there are already indications that wheat planting this year will be as much as 30 per cent down on 1985, which in turn were down 6 per cent on 1984. Low profitability for the pampas farmers has caused them to switch to maize and oilseed production, or simply to leave their land idle.

Soviet purchases from Argentina have fallen sharply since their peak in the early 1980s when over 80 per cent, or some 15m tonnes of wheat,



maize and sorghum, were sold to the USSR. At the beginning of this year, a new five-year trade accord was signed with Moscow, but this calls for the supply of only 4.5m tonnes of maize, sorghum and soyabeans each year. Even with the new deal, grain sales to the Soviet Union were practically non-existent until early May when 700,000 tonnes were sold. "It was the first important purchase by the Soviet Union this year," said Mr Regunaga. He pointed out that the five-year accord is not in fact a binding contract, and that there is no guarantee that Soviet purchases will indeed reach 4.5m tonnes this year. The Soviet Union has itself been anxious for Argentina to improve the trade balance between the two countries which is heavily in Argentina's favour.

One leading trader on the Buenos Aires cereals market said "The most serious thing is that the Russians don't have any money. They are driving very hard bargains and buying at the cheapest they possibly can." He said that the subsidisation of EEC and US cereal production, and the prospect of major disposals of stocks onto the market this year, was undermining Argentine cereal production, and wheat in particular.

Government plans to raise grain production to 60m tonnes per year by the end of the decade from their present level of between 35m and 40m per year "are Utopian" he said.

The expansion of grain and meat exports at the same time as sharply reducing imports was seen as one way out of the country's simmering foreign debt crisis several years back. Policies directed to those ends lay behind the expansion of land under cultivation for cereal and oilseeds production to a record of 23m hectares in 1982-83.

However, the gradual fall in area since then is expected to accelerate this year with less than 21m hectares being put to the plough this season. A decline in the cattle herd by some 2m head since 1984, means that a further 2m hectares of agricultural land will lie idle this season due to falls in export demand oversupply on the world market. Grains and beef traditionally comprise 70 per cent of Argentina's total exports.

This depressing prospect prompted President Raul Alfonsin to declare forcibly in a state-of-the-nation speech at the beginning of the month that "Argentina will not cede space in the international markets." He promised that export taxes would gradually be reduced as a means of stimulating production. His scope for doing so is limited however. Almost 20 per cent of Government income is derived from export taxes and any serious cuts in Government spending will aggravate an already tense situation with the militant trade union movement.

Copper industry issues costs warning to LME

BY ANDREW GOWERS

THE INTERNATIONAL copper industry has warned the London Metal Exchange that it may be deterred from using the market if a proposed reorganisation results in excessive cost increases.

In a statement released after a meeting between representatives of copper producers and consumers and of the Exchange in Sorrento, Italy, the industry acknowledged that the LME, the world's leading metals market, was under pressure from the British authorities to change its structure. But it said that "any additional cost resulting from a clearing house system should be kept to a minimum" so as no to deter t from using the LME.

"The industry was anxious that measures taken to protect investors should not disrup the balance between industry and investment activity on the Exchange," the statement said. "There was concern that a major shift in this balance could make it an unattractive medium for either category of user."

Copper is by far the most important contract on the LME, and the industry once again stressed its support for the Exchange as "the principal world copper price indicator"—particularly since it has bowed to the wishes of producers and consumers by introducing a new high-grade copper contract, known as "grade A." This will fully replace the present higher-grade contract at the end of next month.

The industry's worries stem from the Exchange's decision earlier this year to switch from its traditional system of trading directly between principals to a clearing-house, under which all transactions would be passed through a central intermediary. This is bound to increase costs to users of the Exchange, since it will involve greater overheads and tighter rules on margin or deposit payments.

The industry's appeal for more say in the Exchange's affairs represents a further complication in what is already proving to be a fraught series of consultations between the LME, its users and the UK regulatory authorities — principally the Securities and Investments Board, the watchdog being set up under legislation currently before Parliament.

In a speech to this week's Sorrento meeting, Mr Michael Brown, the Exchange's chief executive, said the LME was experiencing great difficulty in obtaining approval for its current daily trading system, under which trading takes place between offices by telephone for most of the day and there are two ring-dealing sessions.

Mr Brown said this was "generally accepted by clients and brokers as the most efficient way to run our business." But the SIB has made clear from the outset that this would not provide the necessary openness of pricing to meet its requirements.

"I should say that we do have a problem here with the SIB, who will be looking for price transparency and timed trades for inter-office dealing," he said.

Other areas still open for debate, he said, include:

● The question of whether to retain the present system of individual "prompt" or delivery dates, with most participants favouring its retention for at least the first three forward trading months;

● Whether to retain the existing system of contract settlement onthe prompt date or to go over to a daily settlement system. Again the balance of opinion favours no change, although some speculators and professional traders prefer immediate settlement.

● Whether to broaden membership ofthe clearing-house to include non-ring dealing companies.

'Some progress' at rubber pact talks

BY WILLIAM DULLFORCE IN GENEVA

SOME PROGRESS has been made towards a new International Natural Rubber Agreement (Inra) but key issues still have to be solved, Mr Manaspas Xuto, of Thailand, the chairman of the UN rubber conference, told a press conference yesterday. He promised to make every effort to complete the negotiations before May 23, when the conference is scheduled to close.

Delegates, however, detect a lack of urgency among consuming countries, resulting from the knowledge that the new Inra would not come into force until October 1987. Some are already forecasting that another round of negotiations will be needed later this year.

Mr Xuto acknowledged that the three-week schedule of the present conference was a constraint but said delegates had now come to grips with the key outstanding issues, which he defined as:

● The price level and structure to be applied in the new agreement.

● The price adjustment mechanism.

● The financing of the buffer stock and the borrowing powers attached to it.

The exporting countries' demand, voiced last year, for a reference price of 265 Malaysian/Singapore cents a kilo remains on the table, although producers have indicated that the price is negotiable.

The current reference price, which determines the levels at which the Inra buffer stock manager may, or is obliged to, buy or sell, is 201.66 cents.

The producers, among which Malaysia, Indonesia and Thailand are the biggest, want the price adjustment mechanism in the new agreement to allow for changes in production costs.

The main importing countries, the European Community, the US and Japan, are happy with the present mechanism and insist that intervention prices must follow market trends.

Some importers, notably the EEC, want the new Inra to remove any possibility of commercial borrowing for the financing of the buffer stock, now at around 375,000 tonnes.

This proposal was the result of "misplaced anxiety" after the collapse last year of the International Tin Agreement, Mr Xuto commented yesterday. He elaborated on the differences which prohibit repercussions similar to those which hit exchanges, trading companies and banks after the failure of the tin agreement from affecting rubber.

The buffer stock manager in rubber is not allowed to trade in forward contracts and cannot make forward purchases, for which he may not have the resources to pay.

The rubber agreement, unlike the tin agreement, stipulates that a participating country, which asks the International Natural Rubber Council to borrow so that it can meet its financial contributions, retains full liability for the loans contracted on its behalf.

To buttress optimism in the outcome of the present talks, Mr Xuto emphasised that rubber producers and consumers are not starting from scratch to negotiate a new commodity agreement. They were "tidying up" the first Inra, which had worked quite well, and smoothing the transition to a second Inra, he said.

Jamaica may reopen bauxite refinery

A 1.2m tonnes a year bauxite refinery in southern Jamaica, closed by its North American owners last August, is likely to be reopened later this year but will produce at just over a half of its rated capacity, writes **Canute James in Kingston.**

Mr Edward Seaga, Jamaica's Prime Minister, has said he will have "critical" meetings this weekend, "the result of which could be an additional 700,000 tonnes of alumina for export."

Although Mr Seaga did not name the refinery involved, industry sources say it is the plant owned by Alumina Partners of Jamaica, a joint venture between Reynolds Metals and Kaiser Aluminum, both of the US.

Mr Seaga also said his Government was to get a 51 per cent stake in the Aluminum Company of America (Calcoa's) 800,000 tonnes a year refinery in central Jamaica, under an agreement to be signed later this month. Alcoa closed the refinery in February last year, but it was leased and reopened in August by the state-owned Clarendon Alumina Production.

● **Falconbridge** said production was halted yesterday at its Sudbury, Ontario, operations after about 350 office, clerical and technical workers went on strike and mine and mill workers refused to cross picket lines, **reports Reuter from Sudbury.**

Sudbury operations last year produced 69.2m lbs of nickel, 59.1m lbs of copper and 2.2m lbs of cobalt, a company official said.

● **COMINCO** said it will close its Trail, British Columbia Metals refinery from July 27 to September 7 to reduce oversupply of Zinc in the market. The closure will affect production of lead, zinc and silver.

Guangdong, China's sugar bowl

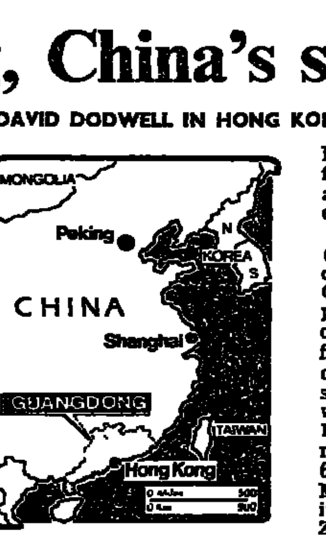
BY DAVID DODWELL IN HONG KONG

"CHINA DOESN'T export sugar on any significant scale, so people rarely notice how formidable the industry is." This was the comment of one Hong Kong-based counter-trader recently after visiting a handful of Guangdong province's 163 sugar refineries.

Although China rank's sixth in the world sugar production league, with refined output last year of 4.7m tonnes, international interest tends to focus on its imports rather than its production. Annual imports are well down from the extraordinary figure of 2.56m tonnes recorded in 1982 but remain well above the 1m tonnes mark. Annual exports are fairly steady at around 140,000 tonnes.

Yet inside China—and particularly in the sub-tropical areas of Hainan island and the Pearl River delta in the southern province of Guangdong which accounts for over 40 per cent of national output—sugar is playing an important part in the country's development. Apart from sugar itself, it provides large quantities of industrial alcohol and yeast, sustains major industries manufacturing paper, chipboard and cement, and is the driving force for an increasingly sophisticated heavy machine-building industry.

In Guangdong, where the 120-day cane harvesting season has just come to an end, the refineries are beginning to shift into a lower gear. According to Mr Li Hangui, deputy manager of the province's Sugar and Paper Industry Corporation, the 70,000 workers employed in the sugar mills are turning their attention to the bagasse, the residue that is left after cane is crushed, that has built up over the hectic harvesting season. Work is beginning on paper and chipboard manufacture, and on the production of industrial alcohol.



The province refined about 2m tonnes of sugar over the season just ended—about 8 per cent up on the 1984-85 season. Two-thirds of this has been sold to the state, according to Mr Li, while the remaining 700,000 tonnes will be used in Guangdong itself—200,000 tonnes for industry and the rest for confectionery and related domestic uses. Individual consumption of sugar by China's 1bn population remains among the lowest in the world—about 5 kilos per capita last year, compared with 11 kilos in the UK.

Officials in Guangzhou (Canton) the provincial capital of Guangdong, acknowledge that demand from the population at large for sugar and confectionery products could grow sharply. According to officials in Peking, sugar output last year met less than 80 per cent of existing actual demand.

Officials in Guangdong nevertheless plan no significant increases in output and production in 1986 is expected to remain at last year's level. Expansion is instead targeted for cash crops, dairy farming, and fruits that are in heavy export demand.

The lion's share of the Y1bn (£200m) that has been spent on the sugar industry in Guangdong province over the past five seasons has been devoted to modernising refineries and increasing refinery capacity. While the province still has some old refineries with a capacity of no more than 100 tonnes a day, it has recently completed modern 6,000-tonne a day facilities at Meishan in Panyu county, and in Zhongshan near to the Zhuhai special economic zone. It has four refineries capable of producing 5,000 tonnes a day. As small mills are phased out, so modern, more efficient equipment is being installed.

To keep the most modern facilities in operation throughout the low season, the Sugar and Paper Industry Corporation has recently begun refining imported sugar — often under counter-trade arrangements described by barter trade specialists as "tolling."

Under these "tolling" deals, countries wanting to buy goods from China are able to pay for them by supplying China with an equivalent amount of raw sugar. This is then refined and re-exported by China. Last year, about 1m tonnes of imported cane sugar was processed by mill around the Pearl River delta, but the Government provides no information on how much was refined for domestic consumption, and how much was for re-export.

With spare capacity still available and Peking committed to a policy of encouraging counter-trade the number of "tolling" deals can be expected to grow in future.

LONDON MARKETS

DOLLAR WEAKNESS led to a general decline in London Metal Exchange values yesterday. Most falls were fairly modest, however, the biggest being in aluminium, which, despite rallying from morning lows, ended the day £7.75 down in the cash position at £755.75 a tonne. The cash premium over the three months position, reflecting concern about the availability of nearby supplies in the event of US metal workers going on strike, narrowed to £4.50 a tonne from £6.75. The only price rise on the LME was in the nickel market, where news of the strike at Falconbridge's Sudbury, Ontario, plant helped to push the cash price £17.50 higher at £2,665 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	755-6.5	−7.75	757-755
3 months	751-1.5	−6.5	752-745

Official closing (am): Cash 735-5 (784.5-5 5). three months 745-7 (752-2 5), settlement 755 (765.5). Final Kerb close: 749-50.

Turnover: 27,450 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or −	High/low
Cash	927.5-8.5	−5.75	933-930
3 months*	938-8.5	−4	941-937

* Grade "A"

Official closing (am): Cash 930-30.5 (931-1.5), three months 940-40.5 (940-1), settlement 930.5 (931.5). Final Kerb close. 939-40.

Cathodes			
Cash	905-7	−5.0	908-905
3 months*	925-7	−4.5	926

* Standard.

Official closing (am): Cash 910-2 (916-8), three months 928-8 (928-30), settlement 912 (918).

Turnover: 20,550 tonnes. US Producer prices 66.71 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	243.5	−2.5	242.5-242
3 months	247-8	−1.75	249-247

Official closing (am): Cash 242-3 (245 5-6), three months 247-7 5 (249.5-50 5), settlement 243 (246). Final Kerb close: 268-9.

Turnover 10,450 tonnes. US Spot: 19-20 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	2660-70	+17.5	—
3 months	2739-50	+17	2750/2709

Official closing (am): Cash 2650-5 (2645-55), three months 2714-5 (2713-5), settlement 2655 (2655). Final Kerb close: 2730-35.

Turnover: 1,194 tonnes.

TIN

KUALA LUMPUR TIN MARKET: Close 14.09 (14.10) ringgit per kg. Down 0.01 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	455.5-7	−.25	456
3 months	467.5-8	−.25	469-467

Official closing (am): Cash 456-6.5 (454.5-5), three months 467-8 (466-7), settlement 456.5 (455). Final Kerb close: 468-9.

Turnover 7,950 tonnes. US Prime Western: 33.50-35.75 cents per lb.

GOLD

Gold fell just $½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $342-342½. The metal opened at $341½-342 which proved to be the day's low and touched a high of $342¾-343¼. However trading was rather quiet and restricted to a narrow range in the absence of any fresh news.

GOLD BULLION (fine ounce)	May 15	
Close	$342-342½	(£222¼-222¾)
Opening	$341½-342	(£221¼-221¾)
M'n'g fix	$342.50	(£222.330)
Aft'n'n fix	$342.00	(£222.049)

GOLD AND PLATINUM COINS		
Kr'g'r'nd.	$343¾-344¼	(£224-224½)
½ Krug.	$180-181	(£117¼-118)
¼ Krug.	$91½-92½	(£59¾-60¼)
1/10 Krug.	$37-38	(£24-24¾)
Mapleleaf	$353-353½	(£230-230½)
Angel	$351½-353½	(£229¼-230½)
1/10 Angel	$35¼-39¼	(£23-26½)
New Sov.	$81½-82¼	(£53¼-53½)
Old Sov.	$87½-89	(£57-58)
$20 Eagle	$430-470	(£280¼-306½)
NoblePlat	$428¼-433	(£279¼-282¼)

SILVER

Silver was fixed 2.3p an ounce lower for spot delivery in the London bullion market yesterday at 328.35p. US cent equivalents of the fixing levels were: Spot 506c, down 2.35c; three-month 514.45c, down 2.55c; six-month 522.75c, down 2 35c; and 12-month 540.05c, down 2 55c. The metal opened at 326¾-328¾p (504-506c) and closed at 326½-328p (502-504c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	328.35p	−2.30	325.5p	−6.0
3 months	336.40p	−2.45	334.25p	−4.25
6 months	343.95p	−2.40	—	—
12 months	358.75p	−2.40	—	—

LME—Turnover: 39 lots of 10,000 oz. Three months high/low 334.5p, final kerb 334-6p.

MEAT

Pigmeat prices rallied strongly on fresh trade and speculative buying caused again by stronger physicals, reports Eastern Capital CCST.

PIGMEAT Month	Y'days close	+ or −	BEEF Y'days close	+ or −
May	—	—	—	—
June	103.00	+0.60	194.00	—
July	102.00	+0.50	188.30	+0.80
Aug.	102.00	+0.30	185.50	+1.50
Sep.	107.50	−0.30	184.10	+0.50

Pigmeat sales: 28 (42) lots of 50 carcases, 3,250 kg.

Beef sales: 4 (15) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 103.34p per kg lw (+2.50). GB—Sheep 267.44p per kg est dcw (−1.76). GB—Pigs 79.69p per kg lw (+2.32).

INDICES

REUTERS

May 15	May 14	M'th ago	Year ago
1763.9	1774.5	1798.4	1868.6

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	May 14	May 15	Month ago	Year ago
Spot	128.66	128.41	—	118.73
Fut.	122.26	122.37	—	122.78

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	May 15 1986	+ or −	Month ago
METALS			
Aluminium			—
Free Market	$1277/297	−15	$1258/278
Copper			
Cash h Grade	£928	−5.25	£940.5
3 mths	£938.25	−4	£961.75
Gold Troy oz	$342.25	−0.5	$339.75
Lead Cash	£244	−2.5	£246.5
3 mths	£247.5	−1.75	£253.55
Nickel			
Free Mkt.	195/205c		190/280c
Palladium oz	$109.00	+0.25	$108.00
Platinum oz	$415.50	−0.75	$430.60
Quicksilver†	$220/230		$220/230
Silver troy oz	328.35p	−2.30	357.25p
3 months	336.40p	−2.45	366.40p
Tin			
free mkt.	£3440/480	−15	£3820/60
Tungsten	$62.07		$62.07
Wolfram 22.0lb.	$45/55		$47/55
Zinc	£456.25	−0.25	£457
3 months	£467.75	+0.25	£447.5
producers	$700-750		$650/700
OILS			
Coconut (Phil)	$237.5x		$275
Palm Malayan	$245z		$260
Copra Phil	$145x	−5	$180
Soyabean (U.S.)	$150x	−1	$152
GRAINS			
Barley Fut.Sept.	£98.60	+0.50	£98.85
Maize	£140.50	1	£143.75
Wheat Fut July	£118.00		£119.55
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1290.5	+19.5	£1427
Coffee Ft. July	£2005	−21.5	£2277.5
Cotton A Ind.*	45.40c	−0.25	48.20c
Gas Oil July	$134.25	−2.75	$125.75
Rubber (kilo)	56p		57.25p
Sugar (raw)	$187.5u	−7.5	$196
Wooltops 64s	421p kilo	−2	422p kilo

‡ Unquoted. † Per 75-lb flask. c Cents per pound. w June. x May-June. z July. u June-July. * Cotton Outlook.

COCOA

The early gains were maintained throughout a day of light volume of trade and the final call was at the highs. Physical interest was muted, consumers once again withdrawn and producers making limited scale-up sales, reports Gill and Duffus.

Sales: 2,501 (2,699) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for May 15: 85.64 (85.48); five-day average for May 16: 86.56 (86.36).

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
May	1270-1276	+10.5	1275-1259
July	1290-1291	+19.5	1292-1278
Sept.	1314-1315	+22.0	1316-1297
Dec.	1349-1351	+20.5	1351-1339
March	1380-1382	+20.5	1383-1368
May	1394-1402	+19.5	1391-1385
July	1412-1419	+18.0	1411-1405

COFFEE

The market was on the defensive in early trading as profit-taking set in, reports Drexel Burnham Lambert. Trade and commission house selling continued into the afternoon but prices later consolidated.

COFFEE	Yesterday's Close	+ or −	Business Done
May	1965-1966	−19.5	1975-1932
July	2003-2007	−21.5	2025-1974
Sept.	2050-2051	−16.5	2065-2020
Nov.	2098-2100	−18.5	2115-2075
Jan	2150-2140	−88.0	2150-2110
Mar.	2160-2165	−27.5	2170-2140
May	2170-2190	−35.0	—

Sales: 3,876 (7,208) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 14: Comp. daily 1979 178 95 (175.49); 15-day average 188.51 (189.57).

SOYABEAN MEAL

	Latest close £ per tonne	+ or −	Business Done
June	126.9-127.2	+0.85	127.0-126.7
August	124.2-124.5	+0.90	124.0-125.6
October	125.2-125.5	+0.85	124.7
Dec.	127.0-127.5	+0.50	—
Feb.	129.5-130.0	+0.25	—
Apr.	130.0-131.0	+0.10	—
June	130.6-130.8	+4.50	—

Sales: 95 (84) lots of 20 tonnes.

GRAINS

Mnth	WHEAT Yesterday close	+ or −	BARLEY Yesterday close	+ or −
May	117.15	−7.60	115.90	−5.75
July	118.35	−7.95	—	—
Sept.	99.90	—	98.60	−8.50
Nov.	102.55	−2.45	101.60	−1.55
Jan	105.65	−5.60	104.75	—
Mar.	108.40	−8.25	—	—

Old crop wheat eased on retender pressure but barley firmed on fringe shipper support. New crops found trade and speculative buying against country hedge selling, reports T. G. Roddick.

TABLE table table tablat eble table—

LONDON GRAINS—Wheat: US dark northern spring No. 1 15 per cent June 120.50, July 117.50, Aug 105.00 transhipment East Coast: US No. 2 soft red winter July 96.75, Aug 97.50: EEC May 134.00: English feed fob May 119.00-120.50, June 121.00-121.75, Oct-Dec 105.50-106.50, Jan-March 110.50-111.50 buyer-seller. Maize: US No. 3 yellow/French transhipment East Coast May 140.50. Barley: English feed fob May 121 00 seller, Oct-Dec 105.50-106.50, Jan-March 110.50-111.50 buyer/seller.

HGCA — Locational ex-farm prices. Feed barley: S. East 114.40, S. West 114.90, W. Mids. 113.80, N. West 114.20. The UK monetary coefficient for the week beginning Monday May 19 will be unchanged.

SUGAR

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	173.2-174.0	175.0-175.2	176.0-174.0
Oct	180.0-180.2	180.0-180.2	185.4-176.0
Dec	183.8-184.8	182.4-183.0	—
Mar	188.6-189.0	188.0-188.2	192.0-189.0
May	192.4-192.8	190.4-192.0	194.4-192.0
Aug	196.0-197.0	194.0-196.0	—
Oct	200.0-202.0	197.4-201.0	—

PARIS—(FFr per tonne): Aug 1454-1456, Oct 1488-1485, Dec 1505-1520, March 1535-1545, May 1560-1590, Aug 1620-1645.

LONDON DAILY PRICE—Raw sugar $187.50 (£122.00), down $7.50 (down £5.00) a tonne for June-July delivery. White sugar $203.50, down $5.00.

Sales: 5,217 (5,297) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £226.00 (£231.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for May 14: Daily price 7.89 (8.07): 15-day average 8.30 (8.32).

No. 6 cif contract—August 187.0-93.0: Oct. 190.0-8.0. Sales: 1 lot of 50 tonnes.

US MARKETS

CONTINUED CONFUSION over future US dollar policy affected the precious metals and oil markets, reports Heinold Commodities. Support levels held well with mainly local activity on both gold and silver pits. Copper traded slightly lower with the trade lending support. Oil prices remained unchanged to higher due to firm barge markets but lack of follow-through resulted in featurless trading. Sugar was quietly steady most of the session with light support due to inquiries from China and India on the London physical market and held main support levels well. Thin conditions prevailed in the coffee market with prices initially drifting lower again partly due to lack of interest and news that Brazilian weather remains mild, but fresh trade buying pushed prices higher towards the close. Light commercial interest held cocoa unchanged in a narrow trading range. Losses in the wheat market affected also maize and soya futures, with favourable weather reported in the US grain and soya regions. Rumours that no additional grain would be required by the USSR this year also depressed markets, but good buying of July soya beans halted further price falls.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	54.35	—	—	55.05
June	54.35	—	—	55.10
July	54.40	54.80	54.25	55.10
Sept	54.40	54.75	54.15	55.05
Dec	54.60	—	—	55.25
Jan	54.65	—	—	55.30
March	54.70	—	—	55.35
May	54.80	—	—	55.45
July	54.85	—	—	55.50
Sept	54.90	—	—	55.55

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1711	1675	1670	1686
July	1766	1770	1750	1740
Sept	1824	1825	1814	1803
Dec	1880	1883	1868	1858
March	1923	1925	1920	1900
May	1953	—	—	1925
July	1980	1970	1970	1950
Sept	2000	—	—	1975

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
May	220.00	220.00	216.25	218.40
July	220.87	222.00	217.40	220.04
Sept	225.48	225.70	221.50	224.13
Dec	230.04	230.25	225.50	228.40
March	231.96	230.50	227.60	230.00
May	233.58	233.00	230.50	234.00
July	235.88	232.95	232.95	238.95
Sept	236.88	—	—	235.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	62.95	63.15	62.75	62.95
June	63.10	—	—	63.10
July	63.35	63.55	63.15	63.35
Sept	63.70	63.85	63.55	63.70
Dec	64.15	64.30	63.95	64.15
Jan	64.25	—	—	64.25
March	64.50	64.60	64.40	64.50
May	64.75	—	—	64.75
July	65.05	—	—	65.05
Sept	65.30	—	—	65.30

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	66.67	67.22	66.32	67.27
July	66.67	67.22	66.32	67.27
Oct	36.70	36.85	36.55	36.89
Dec	36.75	36.92	36.56	36.98
March	37.76	37.90	37.56	37.97
May	38.56	38.70	38.50	38.70
July	39.22	39.25	39.25	39.40
Oct	40.17	40.30	40.15	40.30

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
June	15.70	15.70	15.38	15.51
June	15.14	15.15	14.80	14.93
August	14.74	14.74	14.40	14.58
Sept	14.50	14.45	14.20	14.36
Oct	14.27	14.30	14.20	14.25
Nov	14.17	14.25	14.15	14.17
Dec	14.20	14.25	14.10	14.10
Jan	14.10	14.05	14.00	13.98
Feb	13.95	14.10	13.93	13.88
March	13.80	14.00	13.95	13.80

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	342.4	341.2	341.2	342.1
June	343.4	343.5	342.5	343.1
July	345.0	—	—	344.4
August	346.6	346.7	345.5	346.3
Oct	349.8	349.8	348.8	349.4
Dec	353.1	353.5	352.0	352.7
Feb	356.8	—	—	356.4
April	360.2	—	—	359.7
June	363.9	363.8	363.8	363.3
August	367.9	—	—	367.2
Oct	371.8	—	—	371.0
Dec	375.9	376.1	376.1	375.0
Feb	380.3	380.0	377.0	379.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
June	43.50	43.65	42.20	42.39
July	42.70	42.80	41.45	42.11
August	42.69	42.70	41.95	42.32
Sept	43.30	43.30	42.50	42.87
Oct	43.86	43.86	42.80	43.43
Nov	43.80	44.00	43.70	43.82
Dec	44.50	44.70	44.20	44.42
Jan	44.50	44.75	44.50	44.57
Feb	44.25	44.60	44.50	44.17

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	102.00	102.00	—	97.90
July	102.20	102.40	99.00	98.35
Sept	100.90	100.70	97.50	97.20
Nov	101.10	101.10	97.75	97.50
Jan	100.30	100.30	97.50	96.30
March	101.25	101.25	98.20	97.40
May	101.85	101.20	98.95	99.05
July	102.30	—	—	99.55
Sept	102.30	—	—	98.55

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	412.9	413.0	413.0	415.6
June	414.0	—	—	414.6
July	415.1	417.0	411.6	415.7
Oct	418.6	420.5	418.0	419.2
Jan	421.6	423.0	421.5	422.2
April	424.6	422.0	422.0	425.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	506.8	504.5	502.0	503.2
June	508.0	—	—	505.8
July	511.0	512.5	506.5	508.0
Sept	512.4	518.0	513.0	514.4
Dec	528.8	527.5	522.6	523.8
Jan	530.0	—	—	527.8
March	536.1	539.0	532.0	533.1
May	542.6	540.0	538.0	539.8
July	549.3	547.0	546.5	546.3
Sept	558.3	554.0	554.0	553.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	7.76	7.95	7.69	7.73
Sept	7.92	7.95	7.81	7.86
Oct	8.04	8.23	7.94	8.00
Jan	8.20	8.40	8.10	8.12
March	8.42	8.57	8.33	8.36
July	8.74	7.78	8.67	8.68
Sept	8.85	—	—	8.80
Oct	8.94	8.95	8.95	8.89

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	58.17	58.75	58.00	58.72
June	57.85	58.82	57.70	58.55
August	54.75	55.30	54.57	55.35
Oct	53.78	54.55	53.62	54.35
Dec	55.07	55.90	55.05	55.75
Feb	55.45	55.80	55.17	55.90

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	48.15	48.85	47.87	48.65
July	47.27	48.25	47.10	48.25
August	45.02	46.00	44.95	45.85
Oct	41.60	42.05	41.37	41.95
Dec	42.30	42.92	42.25	42.75
Feb	42.55	42.85	42.25	42.70
April	38.95	39.50	38.80	39.37
June	41.20	41.20	40.95	41.07
July	41.35	41.40	41.07	41.32

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
May	254.0	258.4	251.2	253.0
July	237.6	242.0	235.4	240.0
Sept	209.0	214.0	208.2	213.2
Dec	201.4	205.2	200.4	204.4
March	211.2	214.4	210.0	213.4
May	216.0	219.2	215.0	218.6
July	216.0	219.6	216.0	219.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	64.95	65.40	64.45	65.72
July	65.10	66.00	64.50	65.85
August	62.30	63.05	61.80	62.87
Feb	59.40	60.35	59.35	60.35
March	58.60	59.50	58.60	59.60
May	61.40	—	—	61.40

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
May	532.0	541.4	531.4	540.0
July	530.4	541.6	528.4	539.2
Aug	526.6	539.0	526.4	536.2
Sept	521.4	532.2	520.4	531.0
Nov	520.4	531.0	518.4	530.0
Jan	529.0	540.0	528.0	539.4
March	540.0	549.0	537.4	548.4
May	544.4	554.0	542.4	552.6
July	547.0	556.0	546.0	555.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	148.8	152.5	148.2	152.1
July	151.6	155.2	151.0	154.6
Aug	151.6	155.6	151.0	154.9
Sept	151.0	155.5	151.0	154.7
Oct	151.0	156.0	150.5	154.7
Dec	152.7	157.0	151.8	156.2
Jan	153.1	156.0	153.0	157.0
March	155.0	157.5	155.0	158.0
May	161.5	—	—	162.7

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
May	17.42	18.08	17.42	17.78
July	17.73	18.35	17.66	18.04
August	17.89	18.49	17.83	18.19
Sept	17.91	18.55	17.90	18.22
Oct	17.95	18.45	17.85	18.27
Dec	18.25	18.75	18.10	18.52
Jan	18.30	—	—	18.62
March	18.60	18.73	18.60	18.95
May	18.80	18.95	18.80	19.15

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
May	333.6	343.0	332.0	336.0
July	270.0	285.0	268.4	283.2
Sept	272.0	286.4	270.4	284.6
Dec	281.0	294.2	278.4	293.0
March	281.0	294.0	279.4	293.0
May	272.0	283.0	271.0	283.2

SPOT PRICES—Chicago loose lard 11.00 (same) cents per pound. Handy and Harman silver bullion 503.5 (510.0) cents per troy ounce.

OIL

May Brent sold at $14.66 and Ninian at $14.45. Trade in 15-day Brent was very thin. Nymex WTI for June opened 8c down and traded 7c up at 1.15 pm EDT after trading within a narrow range. In the petroleum products market gasoline and naphtha prices rose on tight availabilities. Gas oil prices ended lower in thin trade. Heavy fuel was quiet—Petroleum Argus, London.

CRUDE OIL—FOB ($ per barrel)—June	Latest	Change + or −
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.55-11.65	+0.175
Brent Blend	14.15-14.25	+0.10
W.T.I. (1pm est)	15.45-15.55	−0.35
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	200-204	+3.5
Gas Oil	134-137	−3
Heavy fuel oil	63-65	—
Naphtha	140-143	+3

Petroleum Argus estimates

GAS OIL FUTURES

Month	Latest Close $ US per tonne	+ or −	Business Done
June	136.50	−2.00	138.75-35.50
July	134.25	−3.75	137.75-34.00
Aug	134.50	−2.50	138.00-34.50
Sep	135.50	−3.00	138.25-35.00
Oct	136.50	−2.75	136.00-36.50
Nov	138.25	−1.75	—
Dec	141.00	—	—

Turnover: 1,508 (2,965) lots of 100 tonnes.

POTATOES

The market opened steady, encouraged by overnight rain. But the rise, which was fuelled by stop-loss buying, was not sustained, reports Coley and Harper.

Month	Yesterdays close £ per tonne	Previous close	Business done
Nov	88.00	88.00	89.00-88.00
Feb	97.00	97.00	
Apr	116.00	115.70	118.50-115.40
May	126.30	125.80	127.00
Nov	87.80	—	—

Sales: 507 lots of 40 tonnes.

Earlies—July 108.50, +3.50: Aug 85.00, +5.00: Sept suspended. Sales: 0 lots of 10 tonnes.

FREIGHT FUTURES

A lack of confirmation of recent rumoured physical business led to dry cargo futures easing. Despite the slightly lower levels, underlying sentiment remained steady. Tanker futures made further gains against a background of further fixtures in the prime loading areas and a lack of sellers, reports Clarkson Wolfe.

	Close	High/Low	Prev.
Dry Cargo			
July	696/699	709/694	699/700
Oct.	781/785	792/776	785/787
Jan.	799/802	803/800	790/805
April	840/850	842/835	850/840
July	780/800		745/775
Oct.	820/860	836	810/840
Jan.	790/870	—	800/855
Apr.	850/900	—	900
BFI.	669.0	—	661.0

Turnover: 108 (327).

	Close	High/Low	Prev.
Tankers			
May	1000/1025	1010/990	930/960
June	940/960	950	920/950
July	965/1000	—	940/970
Sep	1050/1060	—	1030/1040
Dec	1050/1095	—	1030/1060
Mar	1050/1100	—	1028/1060
BTI	1012	—	967.5

Turnover: 34 (52).

RUBBER

PHYSICALS—The London market opened unchanged, found very little interest throughout the day and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 56.00p (same): June 53.75p (54.00p): July 53.50p (53.75p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was 197.5 (198.0) and SMR 20 183.5 (183.0).

FUTURES—Index 532, June 528-534, July-Sept 529-534, Oct-Dec 533-537, Jan-March 560-566, April-June 557-560, July-Sept 560-566. Sales: 37.

Poultry company to add 250 jobs

ONE OF Hereford's biggest employers is to take on 250 jobs within the next few months.

Sun Valley Poultry, which employs 2,600, needs the extra staff for a £1½m extension.

The company says more jobs could arise from further expansion of its poultry-based convenience and health food business.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite uncertainty

The dollar was firmer but remained within its recent trading range yesterday as traders tried to digest the recent spate of comments made by leading West German, US and Japanese officials. The current mood was captured by Karl Otto Poehl, Bundesbank president, when he indicated that although leading nations were united on co-ordinated action to influence exchange rates, there was still a considerable difference of opinion as to where the value of each currency should lie.

The Bank of Japan opened yesterday's chess game by spending up to $500m supporting the US dollar and although the effect was limited in Tokyo, the dollar recovered to finish largely unchanged in London. A surprise 0.2 per cent rise in US industrial output was noted but not acted upon since the market seems to require a strong incentive to break out of recent trading ranges.

However, the continued rhetoric cannot ultimately detract from the fundamentals governing the dollar's performance and unless there is some progress towards reducing the US budget deficit then the dollar's outlook can only remain bleak.

Despite the longer term implications, the dollar finished at its best level of the day, closing at DM 2.1985 up from DM 2.1850 and Y163.60 compared with Y163.35. Elsewhere it rose to SFr 1.8280 from SFr 1.8175 and FFr 7.01 from FFr 6.9675. On Bank of England figures, the dollar's exchange rate index fell to 113.6 from 113.7.

£ IN NEW YORK

May 15	Latest	Prev. close
£ Spot	$1.5360-5370	$1.5395-5400
1 month	0.44-0.42pm	0.44-0.43pm
3 months	1.23-1.18pm	1.22-1.19pm
12 months	3.65-3.50pm	3.65-3.51pm

Forward premiums and discounts apply to the U.S. dollar.

The Australian dollar showed some consolidation after Wednesday's sharp fall, with the US dollar closing at A$1.39575 compared with A$1.4055.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3770. April average 1.4988. Exchange rate index rose to 76.1 from 76.0 on Wednesday. The six months ago figure was 79.5.

Sterling was slightly firmer overall and seemed little affected by a fall in manufacturing output and industrial output of 0.1 per cent. The pound closed at $1.5350 from $1.5395 but rose against the D-mark to DM 3.3750 from DM 3.3650 and SFr 2.8050 from SFr 2.7975. It was also higher against the French franc at FFr 10.76 from FFr 10.7275 but eased against the yen to Y251.25 from Y251.50.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. April average 2.2723. Exchange rate index 135.2 against 127.6 six months ago.

The D-mark appeared to suffer in Frankfurt yesterday, following comments by Bundesbank president, Karl Otto Poehl, which were understood to imply a dollar floor of DM 2.15. However the market has been fairly free with its interpretations just recently and there is little to suggest that the current feeling of depression surrounding the state of the US economy is likely to change. But the dollar rose to DM 2.19 at the close, about a pfennig above the day's low but still down from Wednesday's close of DM 2.1930. Earlier in the day the dollar had been fixed at DM 2.1997, compared with DM 2.1933 previously.

Elsewhere the French franc slipped below its upper intervention level against the D-mark, following a cut in French interest rates. It was still firmly placed at the top of the EMS however.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.05. April average 175.05. Exchange rate index 205.8 against 178.7 six months ago.

Renewed intervention by the Bank of Japan failed to halt a further rise by the yen against the dollar in Tokyo yesterday. The central bank was believed to have bought up to $500m, but this did not alter market sentiment which still dictated a bearish outlook for the dollar. Various officials made further statements which were not always obvious in their meaning but the market took the view that there was still room for a dollar decline. The US unit closed at Y162.70 compared with Y163.50 in New York and Y164.00 in Tokyo on Wednesday.

POUND SPOT—FORWARD AGAINST POUND

May 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5335-1.5430	1.5345-1.5355	0.45-0.42c pm	3.40	1.23-1.19pm	3.16
Canada	2.1070-2.1218	2.1110-2.1140	0.65-0.30c pm	3.67	1.30-0.50pm	3.17
Nethlnd.	3.79-3.81	3.80-3.81	0.17-0.20c dis	−1.61	0.57-0.62dis	−1.73
Belgium	68.53-68.97	68.70-68.80	0.16-0.13c pm	0.71	0.70-0.66pm	1.09
Denmark	12.42¼-12.47¼	12.44½-12.45½	3-5c dis	−1.07	9-13dis	−0.99
Ireland	1.1040-1.1120	1.1085-1.1095	par-⅛ore dis	−0.37	¾-1¼dis	−0.48
W. Ger.	3.36¾-3.38	3.37-3.38	0.47-0.44pf pm	2.49	1.29-1.24pm	2.31
Portugal	223.12-227.45	223.12-228.34	100-250c dis	−14.31	300-700dis	−13.63
Spain	213.81-214.43	213.68-213.99	60-75c dis	−5.83	165-195dis	−6.18
Italy	2307½-2317¾	2312½-2313½	6¾-6¾ lire dis	−4.99	15-18½dis	−4.46
Norway	11.46½-11.52	11.46½-11.47½	4-4¾ore dis	−6.73	11¾-12¾dis	−6.43
France	10.73-10.76¾	10.75½-10.76½	0.10-0.25c dis	−0.30	0.25-0.60dis	−0.24
Sweden	10.84½-10.88¾	10.85½-10.86½	2⅞-3⅛ore dis	−5.10	8¾-7¼dis	−3.97
Japan	250¼-252	250¾-251¾	0.35-0.30y pm	2.39	0.96-0.91pm	2.29
Austria	23.58-23.74	23.58-23.63	3-2gro pm	1.95	8-6pm	1.82
Switz.	2.79¾-2.81	2.80-2.81	0.44-0.39c pm	2.74	1.28-1.18pm	2.71

Belgian rate is for convertible francs. Financial franc 68.25-68.35. Six-month forward dollar 2.20-2.15c pm. 12-month 3.63-3.48c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5335-1.5430	1.5345-1.5355	0.45-0.42c pm	3.40	1.23-1.19pm	3.16
Ireland†	1.3820-1.3958	1.3825-1.3835	0.36-0.27c pm	1.79	0.82-0.69pm	1.43
Canada	1.3735-1.3760	1.3750-1.3760	1½-1¼c pm	4.15	4-3¾pm	4.15
Nethlnd.	2.4565-2.4790	2.4780-2.4790	16-11c pm	2.35	41-33pm	2.15
Belgium	44.52-44.90	44.75-44.85	3¾-2¾ore pm	3.01	8¾-7¾pm	2.65
Denmark	8.05¾-8.11¾	8.10¾-8.11¾	0.05p pm-0.05dis	—	0.05 0.15dis	−0.18
W. Ger.	2.1780-2.1990	2.1980-2.1990	1¼-1¼pf pm	6.01	4¾-4¼pm	5.42
Portugal	146¾-147¾	146¾-147¼	90-325c dis	−11.04	280-805dis	−10.51
Spain	138.55-139.40	139.30-139.40	25-65c dis	−2.53	65-180dis	−2.29
Italy	1496½-1508	1506½-1507½	2-4 lire dis	−1.56	4-10dis	−1.21
Norway	7.44¾-7.47¾	7.47-7.47½	2⅞-3⅛ore dis	−3.39	8¾-9¼dis	−3.22
France	6.95¾-7.01½	7.00¾-7.01¼	3-2¾c pm	3.07	8¾-7¾pm	2.91
Sweden	7.03-7.07¾	7.07¼-7.07¾	⅞-1¼ore dis	−1.31	1¾-2¾dis	−0.83
Japan	162.50-163.65	163.55-163.65	1.38-1.13y pm	5.89	3.50 4.25dis	−6.17
Austria	15.30-15.46	15.44-15.45	11¾-9¾gro pm	5.32	31½-28¾pm	5.01
Switz.	1.8110-1.8300	1.8275-1.8285	1¼-1⅛c pm	6.16	4¾-4¼pm	6.51

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.10-45.20.

EXCHANGE CROSS RATES

May15	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.535	3.375	251.3	10.76	2.805	3.805	2313.	2.113	68.75
$	0.651	1.	2.199	163.6	7.010	1.828	2.479	1507.	1.376	44.80
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	[illegible]	1.455	2.233	4.909	365.5	15.65	4.080	5.535	3364.	3.073

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

May 15	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10⅝-11	10 11/16-10 13/16	10⅜-10½	10 5/16-10 7/16	9 13/16-10	9⅝-9¾
U.S. Dollar	6 13/16-7 1/16	6⅞-7	6⅞-7	6⅞-7	6⅞-7	6⅞-7
Can Dollar	7⅝-8⅛	7⅞-8⅜	8 3/16-8 5/16	8 5/16-8 7/16	8⅜-8¾	8 7/16-8 9/16
D Guilder	6⅛-6¾	6¼-6⅜	6¼-6¼	5 13/16-5 15/16	5⅝-5⅝	6⅛-5⅝
Sw. Franc	1⅞-2	2¼-2⅜	4⅜-4½	4 5/16-4½	4-4 5/16	4 5/16-4 7/16
Deutschmrk	4 1/16-4⅛	4⅜-4½	4⅜-4⅝	4⅜-4⅝	4⅜-4⅝	4⅛-4⅝
Fr. Franc	7¼-7½	7⅛-7¼	7⅛-7¼	7 1/16-7 3/16	7-7⅛	7 1/16-7⅛
Italian Lire	10-12	11¼-12¾	11¾-12¾	11⅛-12	11⅛-12	11¾-12¼
B.Fr.(Fin)	7⅞-8⅛	7⅞-8⅛	8-8¼	7⅞-8⅛	7⅝-7⅞	7⅝-7⅞
B.Fr.(Con)	7¾-8	8-8½	8-8⅛	7¾-8¼	7½-8	7¼-7⅝
Yen	4⅞-4 13/16	4 11/16-4 13/16	4 5/16-4 7/16	4 5/16-4⅜	4 5/16-4¾	4 5/16-4¾
D. Krone	7⅞-8⅜	8-8½	7⅝-8⅛	7½-8	7½-8	7½-8
Asian $ (Sng)	7-7⅛	7-7⅛	6⅞-7	6 13/16-6 15/16	6 13/16-6 15/16	6⅞-7

Long-term Eurodollars: two years 8⅛-8¼ per cent; three years 7¾-8 per cent; four years 8-8⅛ per cent; five years 8¼-8½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

MONEY MARKETS

London rates slightly firmer

Interest rates had a slightly firmer tone on the London money market yesterday, as dealers continued to debate the most likely timing for any reduction in clearing bank base rates. Three-month interbank rose to 10½-10½ per cent from 10 7/16-10 9/16 per cent. The market was uncertain about interest rate trends, but the discount houses showed rather more willingness to sell bills, to relieve yesterday's shortage, because of the relatively high cost of day-to-day money. The overnight rate was around 11¼-11½ per cent for most of the morning, and touched a peak of 12 per cent. To some extent the Bank of England's early revision of the money market shortage probably encouraged the houses to sell bills.

The Bank of England forecast a money market shortage of £550m, and provided total assistance of £549m. The initial forecast of £550m was revised to £700m at 10 am, but back to £550m in the afternoon.

Before lunch the authorities bought £243m bills outright, by way of £42m bank bills in band 1 at 10⅜ per cent; £185m bank bills in band 2 at 10 5/16 per cent; and £16m bank bills in band 3 at 10¼ per cent.

In the afternoon another £306m bills were purchased outright, through £12m bank bills in band 1 at 10⅜ per cent; £280m bank bills in band 2 at 10 5/16 per cent; and £14m bank bills in band 3 at 10¼ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £474m, with a rise in the note circulation absorbing £35m, and bank balances below target another £60m. These outweighed Exchequer transactions adding £10 to liquidity.

In Frankfurt call money fell to 4.20 per cent from 4.30 per cent in comfortable conditions, in spite of Wednesday's outflow of DM 4.8bn in money market liquidity, through security repurchase agreements.

UK clearing bank base lending rate 10½ per cent since April 21

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	7¾
Fed funds	6 13/16
Fed funds at intervention	6 15/16
Treasury Bills & Bonds	
One month	5.63
Two month	6.06
Three month	6.38
Six month	6.42
One year	6.64
Two year	7.11
Three year	7.32
Four year	7.52
Five year	7.60
Seven year	7.72
10 year	7.73
30 year	7.48

MONEY RATES

May 15	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	4.15-4.25	4.60 4.65	4.45 4.60	4.45-4.60	4.45 4.60	5.5
Paris	7¼	7⅛-7¼	7 3/16-7 5/16	7-7⅛	7-7⅛	7¼
Zurich	⅞-1⅛	4-4⅛	—	4-4⅛	—	—
Amsterdam	6⅜-6⅝	6 1/16-6 5/16	—	6¾-6⅞	—	—
Tokyo	4.21875	4.53125	—	4.65625	—	—
Milan	13 13¼	13-13⅛	—	12⅛-12⅞	—	—
Brussels	6.30	8 1/16 8 5/16	—	8 8⅛	—	—
Dublin	11-11¼	10⅝-10⅞	10½-10¾	10⅜-10⅝	9¾-10	—

FT LONDON INTERBANK FIXING

(11.00 a.m. May 15)

Three months US dollars		Six months US dollars	
bid 6 7/8	Offer 7	bid 6 7/8	Offer 7

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

May 15	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	5-12	10½-11	10⅜-10½	10⅛-10¼	9¾-9⅞	9⅝-9 11/16
Sterling CDs	—	—	10 5/16-10 7/16	10-10⅛	9 11/16-9 13/16	9⅜-9½
Local Authority Depos	11	10-10⅛	10⅜	10⅛	9⅞	9⅝
Local Author'y Bonds	—	—	10¾	10⅛	10¼	10
Discount Mkt Depos.	8-11¼	10¼	10¼	9¾	—	—
Company Depos.	9⅛-11⅛	10⅝-11¼	10⅛-10⅝	10⅜	—	—
Finance House Depos	—	—	10½	10¼	10	9 7/16
Treasury Bills (Buy)	—	—	10 3/16	9⅞	—	—
Bank Bills (Buy)	—	—	10 5/16	9⅞	9 7/16	—
Fine Trade Bills (Buy)	—	—	10 9/16	10⅛	10 1/16	—
Dollar CDs	—	—	6.75-6.80	6.75-6.80	6.75 6.80	6.95-7.00
SDR Linked Depos	—	—	6 7/16-6 11/16	6⅜-6⅝	6 7/16-6 9/16	6 7/16-6 9/16
ECU Depos	—	—	7⅜-7⅛	7 1/16-7 1/16	7⅛-7¼	7⅛ 7¼

Treasury Bill (sell): one-month 10¼ per cent; three-month 9¾ per cent. Bank Bills (sell): one-month 10 11/32-10 7/32 per cent; three month 9¾-9 11/16 per cent. Treasury Bills: Average tender rate at discount 9.9779 per cent. ECGD Fixed Finance Scheme IV reference date April 2 to May 6 (inclusive) 10.527 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from May 1 1986. Bank Deposit Rate for sums at seven days' notice 5½-6 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three month 10¼ per cent; three-six month 10 per cent; six-nine months 9¾ per cent; nine-12 months 9¾ per cent. Under £100,000 9¾ per cent from May 14. Deposits held under Series 5 9¾ per cent. Deposits withdrawn for cash 6 per cent.

FINANCIAL FUTURES

Prices fall

Interest rate contracts weakened on the London International Financial Futures Exchange yesterday. US Treasury bonds for June delivery opened lower at 97-19, and fell to 97-14, where a large US commission house entered the market as a buyer. The contract rose to a peak of 98-03, in nervous trading, lacking new factors. But the buying tended to feed on itself, as it triggered technical resistance points, before news of a rise of 0.2 in April US industrial production, pushed June bonds down to a low of 97-04, before closing at 97-10, compared with 98-12 previously.

June gilts also opened weak at 125-10, depressed by lower US bonds, doubts about the prospects for lower UK bank base rates, and the very large rights issue announced by National Westminster Bank on Wednesday.

After touching a peak of 125-20 the June contract came under steady selling pressure, retreating to 124-24, and closing at 124-26, against 125-23 on Wednesday.

Three-month sterling deposit futures suffered from similar factors, opening at 90.14 for June delivery, the high of the day, and finishing slightly off the low at 90.08, compared with 90.17. Dealers said the contract continues to discount a cut in bank base rates.

LIFFE LONG LIFE GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	8.52	9.29	—	—	0.00	0.29	—	—
118	6.52	7.49	—	—	0.00	0.49	—	—
120	4.52	6.15	—	—	0.00	1.15	—	—
122	2.55	4.55	—	—	0.03	1.55	—	—
124	1.14	3.44	—	—	0.26	2.44	—	—
126	0.19	2.46	—	—	1.31	3.46	—	—
128	0.02	1.60	—	—	3.14	4.60	—	—
130	0.00	1.22	—	—	5.12	6.22	—	—

Estimated volume total, Calls 884, Puts 380
Previous day's open int. Calls 10,894, Puts 3,635

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	5.20	6.15	—	—	0.00	1.39	—	—
94	3.20	4.61	—	—	0.00	2.21	—	—
96	1.30	3.54	—	—	0.10	3.14	—	—
98	0.20	2.58	—	—	1.00	4.18	—	—
100	0.01	2.10	—	—	2.45	5.34	—	—
102	0.00	1.36	—	—	4.44	6.60	—	—
104	0.00	1.06	—	—	6.44	8.30	—	—
106	0.00	0.48	—	—	8.44	10.08	—	—

Estimated volume total, Calls 225, Puts 278
Previous day's open int. Calls 2,439, Puts 1,217

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.30	23.77	23.77	—	23.77	0.00	0.00	—	0.21
1.35	18.77	18.77	18.77	18.77	0.00	0.00	0.07	0.55
1.40	13.77	13.77	13.77	13.77	0.00	0.04	0.30	1.26
1.45	8.77	8.77	8.96	9.71	0.00	0.31	0.96	2.49
1.50	3.77	4.54	5.40	6.62	0.02	1.29	2.40	4.40
1.55	0.30	1.94	2.85	4.25	1.55	3.59	4.85	7.03
1.60	0.00	0.60	1.30	2.56	6.25	7.25	8.30	10.34

Estimated volume total, Calls 170, Puts 15
Previous day's open int. Calls 5,954, Puts 5,986

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.30	—	24.80	—	24.80	—	0.15	—	0.25
1.35	19.80	19.80	—	19.80	0.05	0.20	—	0.50
1.40	14.20	14.50	14.50	14.50	0.05	0.20	0.40	1.20
1.45	9.20	9.50	9.70	10.40	0.05	0.35	0.90	2.35
1.50	4.20	5.30	5.90	7.00	0.05	1.25	2.20	4.10
1.55	0.20	2.00	3.20	4.40	1.30	3.60	4.60	6.50
1.60	0.10	0.80	1.60	2.60	6.10	7.20	7.90	9.80

Previous day's open int. Calls 5,244, Puts 3,851
Volume, 52

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.30	23.60	23.60	—	23.80	—	—	—	0.20
1.35	18.60	18.60	18.60	18.10	—	0.05	0.05	0.40
1.40	13.60	13.60	13.60	13.60	—	0.05	0.20	1.10
1.45	8.60	8.60	8.60	9.70	—	0.20	0.75	1.95
1.50	3.80	4.40	5.20	6.45	—	1.05	2.05	3.60
1.55	0.10	1.75	2.60	3.70	1.25	3.10	4.30	6.10
1.60	—	0.60	1.15	—	15.90	16.80	7.80	—

Previous day's open int. Calls 2,137, Puts 2,575
Previous day's volume, Calls 51,616, Puts 45,171

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
91.00	2.04	2.05	—	—	0.00	0.01	—	—
91.50	1.54	1.56	1.51	—	0.00	0.02	0.07	—
92.00	1.04	1.10	1.09	—	0.00	0.06	0.15	—
92.50	0.55	0.69	0.72	—	0.01	0.15	0.28	—
93.00	0.16	0.37	0.42	—	0.12	0.33	0.48	—
93.50	0.01	0.15	0.21	—	0.47	0.61	0.77	—
94.00	0.00	0.05	0.06	—	0.96	1.01	1.14	—

Previous day's open int. Calls 3,804, Puts 2,887
Volume, 105

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	97-12	98-04	97-07	02-27
Sept	96-20	97-13	96-17	97-03
Dec	95-26	96-18	95-23	96-08
March	95-01	95-13	95-00	95-14
June	94-10	94-29	94-09	94-22
Sept	—	—	—	94-00
Dec	93-02	93-02	93-00	93-12
March	—	—	—	92-26
June	92-00	92-00	92-00	92-10
Dec	—	—	—	91-16

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.91	93.94	93.88	93.95
Sept	94.07	94.14	94.06	94.13
Dec	94.02	94.08	94.00	94.07
March	93.82	93.91	93.84	93.90
June	93.61	93.67	93.61	93.67
Sept	93.37	93.44	93.36	93.44
Dec	93.18	93.20	93.18	93.24
March	92.99	93.01	92.99	93.05

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	—	—	—	93.39
Sept	—	—	—	93.40
Dec	—	—	—	93.28

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.02	93.10	93.01	93.09
Sept	93.03	93.12	93.01	93.10
Dec	92.92	93.00	92.90	92.98
March	92.71	92.78	92.69	92.76
June	92.43	92.50	92.41	92.49
Sept	92.17	92.22	92.15	92.24
Dec	91.94	92.00	91.92	92.01
March	91.70	91.73	91.70	91.79

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	124-26	125-20	124-24	125-23
Sept	126-00	125-22	124-31	125-28
Dec	124-31	124-31	124-31	125-27
March	124-27	124-27	124-27	125-23

Est. Volume 11,040 (10,959)
Previous day's open int. 13,262 (12,760)
Basis quote (clean cash price of 13% Treasury 2004/08 less equivalent price of near future contract) −4 to 4 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64th of 100%

	Close	High	Low	Prev
June	102-59	103-10	102-59	103-05
Sept	103-10	103-10	103-10	103-20

Est. Volume 126 (229)
Previous day's open int. 1,459 (1,481)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.08	90.14	90.06	90.17
Sept	90.80	90.87	90.80	90.94
Dec	91.11	91.15	91.10	91.23
March	91.13	91.16	91.13	91.27
June	90.97	91.01	90.97	91.15

Est. Volume 2,808 (3,181)
Previous day's open int. 18,986 (18,938)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	157.95	160.20	157.60	159.75
Sept	160.20	162.90	160.20	162.00
Dec	162.70	162.90	162.70	164.50

Est. Volume 598 (813)
Previous day's open int. 2,394 (2,205)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	93.04	93.10	93.02	93.17
Sept	93.04	93.13	93.01	93.22
Dec	92.94	93.02	92.92	93.12
March	92.73	92.81	92.72	92.91
June	92.47	92.57	92.47	92.65
Sept	92.25	92.25	92.25	92.43
Dec	92.02	92.02	92.02	92.20

Est. Volume 6,874 (4,166)
Previous day's open int. 21,403 (21,020)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	97-10	98-03	97-04	98-12
Sept	96-20	97-09	96-20	97-22
Dec	95-28	95-28	95-28	96-30

Est. Volume 7,290 (7,598)
Previous day's open int. 8,564 (8,433)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5340	1.5297	1.5219	1.5123	1.4985

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.5335	1.5370	1.5320	1.5330
Sept	1.5220	1.5250	1.5220	1.5215
Dec	1.5120	1.5170	1.5120	1.5115

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5335	1.5370	1.5335	1.5306
Sept	1.5222	1.5222	1.5222	1.5193
Dec	1.5137	1.5137	1.5137	1.5105

Est. Volume 132 (54)
Previous day's open int. 1,750 (1,800)

CURRENCY MOVEMENTS

May 15	Bank of England Index	Morgan Guaranty Change%
Sterling	76.1	−15.2
U.S. dollar	113.6	+4.8
Canadian dollar	78.7	−11.7
Austrian schilling	126.4	+7.2
Belgian franc	95.6	−7.2
Danish Krone	86.5	−0.8
Deutsche mark	135.2	+14.8
Swiss franc	156.1	+15.1
Guilder	126.1	+9.2
French franc	69.2	−13.4
Lire	46.5	−17.8
Yen	208.8	+53.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

May 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.766552	0.637389
US $	6½	1.16072	0.981579
Canadian $	8.97	*	1.34820
Austria Sch	4	18.1630	15.1163
Belgian Fr.	8½	52.7959	43.8938
Danish Kr.	7	9.54907	7.94932
D'mark	3½	2.58542	2.14966
Guilder	4½	2.91461	2.42283
French Fr.	9½	8.24851	6.85535
Lira	15	N/A	1474.82
Yen	3½	191.749	160.292
Norway Kr.	8	8.81762	7.33338
Span'h Pta.	—	N/A	136.439
Swedish Kr.	8	8.32585	6.93148
Swiss Fr.	4	2.14838	1.78982
Greek Drch	20½	162.131	134.889
Irish Punt	—	N/A	0.707444

* C$/SDR rate for May 14: 1.62527

OTHER CURRENCIES

May 15	£	$
Arg'tina	1.3081-1.3106	0.8500-0.8510
Aus'alia	2.1430-2.1465	1.3950-1.3965
[illegible]	[illegible]	[illegible]
S.Af. (Cm)	3.3855-3.3320	2.1600-2.1645
S.Af. (Fn)	5.0890-5.2666	3.3175-3.4350
U.A.E.	5.6510-5.6585	3.6715-3.6745

* Selling rate.

STERLING INDEX

	May 15	Previous
8.30 am	76.2	76.2
9.00 am	76.2	76.1
10.00 am	76.1	76.1
11.00 am	76.2	76.1
Noon	76.2	76.2
1.00 pm	76.2	76.1
2.00 pm	76.2	76.1
3.00 pm	76.2	76.0
4.00 pm	76.1	76.0

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.8938	+0.50	+0.55	±1.5388
Danish Krone	7.91896	7.94932	+0.38	+0.43	±1.6421
German D-mark	2.13834	2.14966	+0.53	+0.58	±1.1202
French Franc	6.96280	6.85535	−1.54	−1.49	±1.3684
Dutch Guilder	2.40835	2.42283	+0.56	+0.61	±1.5081
Irish Punt	0.712956	0.707444	−0.77	−0.72	±1.6684
Italian Lira	1496.21	1474.82	−1.43	−1.43	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Company Notices

NOTICE OF ADJUSTMENT OF CONVERSION PRICE

SMITH & NEPHEW
Associated Companies plc
(incorporated in England with limited liability)

US$60,000,000
5½ per cent. Convertible Bonds 2000

Notice is hereby given that as a result of a one for one scrip issue, and pursuant to Condition 4 of the Bonds and to Clause 7 of the Trust Deed by which the Bonds are constituted, the conversion price of the Bonds has been adjusted with effect from 15th May 1986. The adjusted conversion price is £1.09 per Ordinary Share.

16th May 1986.

AICA KOGYO COMPANY, LIMITED
US $20,000,000
7¼ per cent. Guaranteed Notes due 1990

Pursuant to the clause 4 of the instrument dated 27th August, 1985 in respect of the above issue, Notice is hereby given as follows,

1. On 12th May, 1986 The Board of Directors of Aica Kogyo Company, Limited (The Company) resolved to make a free distribution of shares of its common stock on 18th July, 1986 to the shareholders of record as of 31st May, 1986 in Japan, at the rate of 1:0.05 new share for each share held (five shares for a hundred shares held).

2. Accordingly, the subscription price will be adjusted with effect 1st June, 1986 Japan time. The Subscription price in effect before such adjustment is Yen 706.70, and the adjusted subscription price will be Yen 673.00.

THE TOKAI BANK LIMITED,
LONDON BRANCH
PRINCIPAL PAYING AGENT.

CORRECTED NOTICE
COMMUNAUTE URBAINE DE QUEBEC

C$15,000,000 16¼% 1982/1988

NOTICE IS HEREBY GIVEN that Communaute Urbaine de Quebec will prepay on June 30th, 1986 at 100.50% all the aforesaid Notes outstanding on such date. The Notes will cease to bear interest from June 30th, 1986. The holders of Notes are therefore requested to present and surrender their Notes accompanied by all related coupons which are due after the redemption date at the office of any of the paying agents referred to on the reverse of the Notes in order to be reimbursed of the principal of the Notes.

Interest due on June 30th, 1986 will furthermore be payable upon presentation and surrender of the appropriate coupons.

The Fiscal Agent
BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

Legal Notices

IN THE MATTER OF EUROPEAN BUYING SERVICES LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of June, 1986 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned

IAN DONALD WILLIAMS,
of Grant Thornton, Fairfax House,
Fulwood Place, London WC1V 6DW
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 2nd day of May, 1986.
IAN D. WILLIAMS, Liquidator

THE JEWELLERS SUPPLY COMPANY LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of Jewellers Supply Company Limited will be held at 30 Eastbourne Terrace, London W2 6LF on Wednesday the 28th day of May 1986 at 10.30 o'clock in the morning, for the purposes provided for in Sections 590 and 592.

Dated the 8th day of May, 1986.
WILLEY HERRMAN, Director

HISCOCK BROS. LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1948, that a Meeting of the creditors of HISCOCK BROTHERS LIMITED will be held at the offices of
LEONARD CURTIS & CO.,
30 Eastbourne Terrace,
London W2 6LF
on Thursday the 29th day of May 1986 at 12.00 o'clock midday, for the purposes provided for in Sections 589 and 590.

Dated the 9th day of May 1986.
E. B. THOMPSON, Director

Personal

Clubs

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 14, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept. E.M.E.A. London
Eurodollar Libor as of May 14 at 11.00 a.m.
3 months: 6 11/16 6 months: 6 11/16

ECU=$US.980887 SDR1=$US1.16687
Sibor as of May 14 at 11.00 a.m.
3 months: 7 6 months: 6 13/16

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * US dollars per National Currency unit. (a) Freemarket central bank. (b) Freemarket bank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (ef) EMS Realignment, April 1986: Adjusted—DM + 3 per cent, DG + 3 per cent, FFr −3 per cent, BFr + 1 per cent, DKr + 1 per cent. (f) Financial rate. (h) Non-essential imports. (i) Floating tourist rate. (j) Public Transaction rate. (k) Agricultural products. (l) Venezuela: For debts incurred prior to February 1983. (3) Brazil, March 1, 1986: New currency introduced —1 Cruzado = 1,000 Cruzeiros. (4) Sudan, March 11, 1986: Pound revaluated. (5) Turkey, March 15, 1986: Lira effectively devalued by 5.23 per cent. (6) Libya, March, 1986: Dinar now pegged to the SDR. (7) Argentina, April 24, 1986: Austral devalued by approximately 1.18 per cent. (8) Sudan, April 14, 1986: Third exchange rate introduced. (9) Norway, May 11, 1986: Krone devalued by approximately 12 per cent. For further information please contact your local branch of the Bank of America.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	1986 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
100⅞	99¼	Treas 12pc 1986	100¼xd	.....	11.98	10.51
99[illegible]	98¼	Treas 8½pc 1984-86‡‡	99[illegible]	.....	8.53	10.45
102[illegible]	100½	Exch. 14pc 1986	101⅞	−[illegible]	13.74	9.59
98	94⅞	Exch. 2½pc 1986	98xd	..	2.55	6.47
102[illegible]	100¼	Exch. 13¼pc 1987	102⅞	−[illegible]	12.94	9.51
100⅞	97[illegible]	Treas 10¼pcCv '87	100½	.....	10.20	9.46
96⅞	92[illegible]	Exch 2½pc 1987	96⅞	+⅛	2.58	6.67
101⅛	97½	Exch. 10½pc 1987	101	..	10.40	9.26
98⅝	93⅝	Funding 6½pc '85-87‡‡	98½	+⅛	6.60	8.14
101⅛	96[illegible]	Treas. 10pc 1987	100[illegible]xd	−[illegible]	9.92	9.22
95⅞	90⅞	Treas 3pc 1987	95¾	+⅛	3.13	6.87
104½	99⅛	Treas. 12pc 1987	104	.....	11.54	8.99
99⅛	92[illegible]	Treas 7¾pc 1985-88‡‡	98¼	....	7.89	8.53
104	96⅛	Exch 10½pc '88	103[illegible]	−[illegible]	10.19	8.78
102⅝	95⅛	Treas 9¾pc Cv '88	101½xd	−⅛	9.59	8.90
92⅛	86⅝	Transport 3pc '78-88	92½	−[illegible]	3.24	6.85
102⅝	93[illegible]	Treas. 9½pc '88	102[illegible]	−[illegible]	9.38	8.88
107[illegible]	98[illegible]	Treas 11½pc 1989	106[illegible]	...	10.82	8.86
103½	93⅛	Treas 9½pc Cnv. '89	102⅛	−[illegible]	9.28	8.55
90[illegible]	82[illegible]	Treas 3pc 1989	90⅝	...	3.31	6.49
105[illegible]	95[illegible]	Treas 10½pc 1989	104½xd	−⅛	10.06	8.86
104[illegible]	94⅛	Exch 10pc 1989	103[illegible]	−[illegible]	9.70	8.88
107[illegible]	97	Exch 11pc 1989	106½	−¼	10.37	8.83
92⅞	84½	Treas 5pc 1986-89	92¼	−⅛	5.39	7.44
110[illegible]	94⅝	Exch 10¼pcCv '89	107½	−⅛	9.53	7.75
114[illegible]	103[illegible]	Treas 13pc 1990‡‡	112⅞	−¼	11.52	8.80
108⅛	97⅛	Exch 11pc 1990‡‡	106⅞	−¼	10.29	8.79
113⅞	101[illegible]	Exch. 12½pc 1990	111⅞	−¼	11.17	8.77
87[illegible]	79⅝	Treas. 3pc 1990	87⅝	.	3.42	6.59
100[illegible]	89⅛	Treas 8¼pc 1987-90‡‡	99⅝xd	−⅛	8.28	8.37
106[illegible]	93	Treas 10pcCv 1990	104[illegible]	−¼	9.55	8.69
84	76½	Exch 2½pc 1990	84xd	..	2.98	6.66
112[illegible]	99[illegible]	Treas 11¾pc 1991	110[illegible]	−¼	10.59	8.82
94	83[illegible]	Funding 5¾pc '87-91‡‡	93⅛	−⅛	6.13	7.29
		Five to Fifteen Years				
110⅝	96[illegible]	Exch. 11pc 1991	109¼	−⅛	10.07	8.82
118¼	103⅝	Treas 12¾pc 1992‡‡	116½	−⅛	10.94	8.97
107⅝	92[illegible]	Treas 10pc 1992	105¼	−¼	9.50	8.81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
145	82	Midland Marts	137	−1	4.0	2.1	4.1	16.4
78½	61	Mitchell Cotts	74		4.25	1.5	8.1	10.6
109	81	Mollins & Crane 10p	103		8.27	2.2	3.2	14.2
310	210	Morgan Crucible	300	+2	8.5	♦	4.0	♦
23½	15½	Morris (W.F.A.) 20p	22½	+½	0.5	♦	3.2	♦
139	96	Moss (Robt.) 10p	133		4.130	2.7	3.2	14.3
106	65	Myson Grp 10p	106	+3	2.63	2.6	3.5	13.7
365	259	NMW Computers	355	+15	6.0	3.0	0.9	20.4
40	27	Nash Inds.	30		0.5	—	2.3	—
28	16	Neil & Spencer 10p	21					
38	28	Newman Inds 10p	38		—	—	—	—
65	50	Molton	51		0.8	♦	3.0	♦
132	96	Norank Systems 5p	51	−1	0.95	5.9	2.6	7.3
263	187	Norcros	118		3.3	♦	3.6	♦
91	49	No-Swift 5p	245	−1	18.6	2.0	4.9	13.3
118	80	Oakwood Grp.	91	+2	3.5	2.1	5.4	12.2
250	203	Ofrex & Elect	110		5.0	1.3	6.4	15.3
102	70	Ostacre 20p	240		8.5	2.9	5.1	9.6
36	24	Optometrics $0.01	88		14.0	2.6	6.4	7.8
765	500	Oriflame £1	24		0.02c	2.1	6.5	8.0
10	8	Overstone 12½p	740		24.5	2.1	4.7	14.4
£275	£228	Ocelot 9pc Cnv 87-92	9		0.23c	1.9	11.6	4.5
100	85	PCT Grp 10p	£270		09%	—	13.4	—
£20½	950	PLM 'B' Sk 25	85		3.2	1.2	7.8	20.0
168	114	PSM Intl.	£16¼	−¼	323.2%	0.3	1.9	—
255	167	Pacer Systems $0.01	168	+2	5.5	2.1	4.7	12.5
78	58	Pacific Sales 10p	208		0.18c	3.4	1.3	22.3
342	225	Park Place 10p	58		3.0	1.2	7.3	15.8
425	246	Parker Knoll 'A'	342		6.6	2.5	1.9	26.7
525	208	Parkfield Group 5p	418		19.5	2.9	3.2	15.2
53	30	Paxton Intl.	495		12.4	2.4	0.7	82.8
£130	£92	Do 11pc CvLn '94-02	37		—	—	—	—
503	393	Pearson	£102		Q11%	—	Q11.0	—
21	12	Peek Holdings 7p	450	−7	10.0	2.8	3.1	15.0
130	88	Peerless	21		—	—	—	—
735	283	Pentland 10p	125		6.5	—	7.1	—
£14	775	Photo-Me	705	−30	1.5	♦	0.3	♦
475	315	Pilkington Br. £1	£10	−⅛	15.08	8.3	0.7	20.4
£385	£293	Pitney-Bowes Cnv. Ln.	425	−2	12.5	2.5	4.1	10.5
96	52	Plastic Const. 10p	£362		Q5½%	—	1.5	—
9½	7	Plaingrain 5p	81	−4	2.8	2.0	4.9	14.2
163	115	Plaxton Int.	9½	+½	—	—	—	—
17	9½	Polymark 10p	150		12.8	3.2	2.6	13.0
85	49	Do. CnPfA £1	13	+½	8	—	—	—
910	585	Portals	72		10%	—	19.6	—
310	298	Powell Duffryn 50p	900		22.0	3.4	3.4	12.0
157	100	Prestwich	284	+2	14.0	1.3	6.9	15.6
119	59	Pritchard Svs	130		0.53	7.8	0.6	25.5
61	35	Protimeter 5p	118		2.55	♦	3.1	♦
£13¾	775	Quotron Systems $0.10	60		1.0	4.1	2.4	14.5
200	97	RFD Group 10p	£13⅝		—	—	—	—
130	124	Radiant Metal	200	+5	3.72	2.4	2.6	22.5
40	14	Ramco Oil 10p	125		2.5	0.7	2.8	—
589	420	Rank Org.	14		0.7	♦	7.3	♦
250	220	Rauma-Repola Oy	555	+1	15.0	1.8	3.8	17.2
900	607	Reckitt & Colman	250		Q10%	♦	5.5	♦
235	118	Redfearn Glass	828	−4	16.0	2.4	2.8	27.3
270	198	Reed Exec 10p	235		12.0	6.2	1.2	13.9
905	653	Reed Intl. £1	270		13.0	4.3	1.6	20.8
160	134	Relyon	833	−7	19.5	2.7	3.1	14.4
295	260	Renwick Group	160	+10	4.65	2.5	1.9	13.0
102	90	Resimor	275		—	—	—	♦
470	345	Reuters 'B' 10p	90		4.0	2.0	6.3	11.2
32	21	Rexmore	448	−2	3.25	4.2	1.0	32.9
160	109	Ricardo	30	+3	1.0	2.1	♦	11.4
			144		2.75	3.9	2.7	12.4

LEISURE—Continued

1986 High	Low	Stock	Price
115	58	Leisuretime Int 10p	115
117	100	Lowndes	112
220	153	Media Tech Int 20p	165
175	140	Mecca 10p	140
220	130	Miles World 10p	175
81	62	Automatic Leisure	81
17	10½	Nomads Int 20c	16
34½	23	Owners Abroad 3p	30
90	46	Photax (Lon.)	60
34	28½	P'cdly Radio NV 5p	29
80	37	Pineapple Dnc SI 10p	70
391	200	Pleasurama 5p	305
178	136	Do. 7pcD/CnvRedPf	141
129	80½	Pres Entertain 50p	113
43	18	Radio City 'A' NV	42
37	33	Radio Clyde NV	37
375	322	Really Useful Grp 5p	367
64	46	Riley Leisure 10p	49
230	173	Saga Hols. 20p	175
355	260	Samuelson Grp 20p	295
125	73	Sandpiper Photo 10p	112
178	142	Scanro 50p	170
337	288	Scott. TV 'A' 10p	335
299	114	SeaCo Inc $0.125	146
26	7	Select TV 10p	25
37	20	Spectrum 5p	23
43	31	TSW 5p	39
233	150	TVS N/Vtg 10p	233
188	137	Television Svcs 50p	137
61	50	Tottenham Hotspur	56
96	66	Trident 10p	90
230	140	Tyne Tees TV 'A' £1	230
130	104	Ulster TV N/V 'A'	130
100	63	Wembley 5p	80
195	118	WSL 5p	182
28	17½	Webb (Jos.) 5p	27
27½	16½	Williams (Rex) 5p	22
186	125½	Zetters 5p	166

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1986 High	Low	Stock	Price
71	28	BL 50p	38
270	235	Gen. Mts. Units	255
136	114	Group Lotus 10p	136
484	386	Honda Motor Y50	450
500	335	Jaguar	473
41	22	Reliant Motor 10p	22
£37¾	£28½	Volvo Kr25	£37

Commercial Vehicles

1986 High	Low	Stock	Price
50	35	ERF (Hldgs)	48
92	72	Plaxtons (GB)	82

Components

1986 High	Low	Stock	Price
187	139	AE	139
240	145	Abbey Panels	240
78	44	Aerospace Eng.	70
56	34	Airflow Streamlines	44
141	69½	Armstrong Eq. 10p	119
82	68	BTS 10p	72
228	172	Dowty 50p	181
400	308	FR Group	366
109	56	Kwik-Fit Hldgs 10p	90
653	473	Lucas Inds. £1	543

MINES—Continued

O.F.S.

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr
230	138	Beatrix Mines	143		15c	1.2
905	650	F.S. Cons. Gold 50c	675	+15	Q160c	—
240	120	Free State Dev. 10c	130	−10	Q15c	1.1
962	594	Harmony 50c	600	−12	Q265c	♦
410	208	Loraine R1	208	−5	Q75c	3.1
997	750	St. Helena R1	840	−10	Q450c	1.9
569	354	Unisel	445	−3	Q150c	1.1
523	372	Welkom Gold Mining 50c	400	−13	Q234c	1.0

Diamond and Platinum

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr
£55	£32	Anglo Am. Inv. 50c	£50	−2	Q810c	1.0
527	312	De Beers Df. 5c	465	−10	Q55c	5.1
490	315	Do. 40pc Pf. R5	375	−15	Q200c	♦
710	550	Impala Plat. 20c	600	−10	Q135c	1.9
652	410	Lydenburg 12½c	520	−10	Q72c	1.0
790	500	Rus. Plat. 10c	685	−5	Q90c	1.4

Central African

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr
205	155	Falcon Z50c	190		Q100c	2.5
16	10	Wankie Col. Z$1	14		Q5c	23.6
16	12	Zam Cpr SBD0.24	12		—	—

Finance

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr
91	65	Ales Corp SA $1.50	75		Q7.5c	4.6
£13	775	Ang. Am. Coal 50c	775	−25	Q240c	♦
£10¼	735	Anglo Amer. 10c	795	−15	Q135c	2.0
£57½	£38¾	Ang. Am. Gold R1	£43	−1¼	Q1450c	1.1
£40	£24	Anglovaal 50c	£30		Q360c	2.9
22	11	Clogau Gold 10p	16		—	—
123	80	Cons. Ales Corp.	80		N25½c	—
537	435	Cons. Gold Fields	467	−10	24.5	1.4
66	34	East Rand Con. 5p	43		1.0	2.1
820	560	Gencor R1	560	−40	Q270c	1.1
£10	590	Gencor 40c	815	−10	Q195c	2.2

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

OIL AND GAS

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INSURANCES

PROPERTY

LEISURE

Finance, Land, etc

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

IRISH

"Recent Issues" and "Rights" Page 38
(International Edition Page 32)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apr 28	May 8	May 9	May 19
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities wilt again and FT index records two-day fall of 38.6

London equity markets wilted afresh yesterday. Further nervous offerings in the aftermath of NatWest's mammoth call found the market unreceptive and after the first couple of hours or so of trading the equity sectors began to look rather jaded.

Investors found little comfort in the late overnight surge on Wall Street and a small mark up in bue chip industrials at the opening served only to bring out sellers.

There were a few signs of any substantial selling pressure, but with underlying sentiment still very sensitive, the tone gradually deteriorated.

Quarterly figures from the two Oil majers, Royal Dutch/Shell and British Petroleum, failed to excite the market. Elsewhere, Grand Metropolitan produced interim figures at the top end of expectations, but these also met with little response in the surrounding gloom.

An early setback on Wall Street yesterday maintained the downward pressure on the leaders and the Financial Times Ordinary share index which posted a gain of 3.9 at the 10.00 am calculation ended the day with a fall of 17.4 at 1,302.6 making a two-day loss of 38.6. The more broadly based FT-SE index, down 29 points on Wednesday, dipped 18.9 more to close at 1,575.7.

Government securities remained under the influence of the US bond market. Long-dated Gilts opened around ½ a point lower, but initial falls were soon reduced by an ⅛ or so. However, the small rally proved short-lived as the announcement of an unexpected 0.2 per cent rise in US industrial production triggered off an early setback in American bonds which in turn put renewed pressure on domestic markets. In the event, long-dated issues finished with falls extending to ⅜, while the shorts ended up to ¼ lower.

Demand persisted for Chinese bonds on debt settlement hopes, with the 5 per cent 1912 improving 6 more to £40.

Bk Ireland fall

Acutely disappointing annual profits from Bank of Ireland—some £7m below market expectations—which came hard on the heels of NatWest's record £714m cash call on Wednesday, gave the banking sector a further sharp knock. Bank of Ireland plummeted 45 to 460p and took Allied Irish down 18 to 220p in sympathy. NatWest, meanwhile, touched 745p before closing a further 20 lower at 750p, for a two-day decline of 105. Barclays lost 10 more to 502p as did Lloyds to 582p, while Midland softened a couple of pence to 553p. Elsewhere, Standard Chartered reflected fading hopes of an increased offer from Lloyds, or counter bid, closed 17 lower at 798p.

Lloyds Broker Willis Faber, recently supported on hopes that Morgan Grenfell, the merchant bank in which it holds a near-25 per cent stake will soon get a public listing, closed 10 higher at 462p, after 474p, following late confirmation that an MG listing is in the pipeline. C. E. Heath's annual results were in line with expectations and the shares moved up 8 to 610p, while Dewey Warren advanced 10 to 121p, after 125p, on the announcement that Harvard Securities had increased its stake in the company to nearly 9 per cent. Among Composites, Royals advanced to 965p in initial response to the much-better-than-expected first-quarter profits before reacting sharply on profit-taking to close only a penny dearer on balance at 932p. GRE came on offer at 867p, down 23p, while Sun Alliance relinquished 12 at 710p, after 732p.

The absence of investment interest left leading Breweries at the day's lowest. Bass dipped 13 to 755p, while Allied-Lyons fell 9 to 322p. Whitbread "A," scheduled to reveal preliminary figures next Wednesday, shed a few pence to 275p, while Guinness closed 6 cheaper at 307p. In contrast, Vaux advanced 15 to 440p following bullish notices emanating from a broker's lunch.

Leading Buildings followed the general trend, although one or two construction issues made progress on talk of forthcoming brokers' circulars. AMEC were finally 4 dearer at 267p and Taylor Woodrow, additionally boosted by vague bid rumours, touched 633p prior to closing 5 higher at 625p. On the other hand, Barratt Developments shed 8 to 156p on profit-taking. Among the second-liners, Henderson Group continued to respond to the confident statement which accompanied the annual results and rose 7 to 225p, but Aberdeen Construction shed 8 to 252p upset by the provision for a further loss of £960,000 included in the preliminary figures. Manders, a firm market recently on speculative demand, ran back 10 to 243p, but Wiggins Group gained that much, to 64p.

ICI reflected a lack of support and closed 22 lower at 895p. Among other Chemicals, Anchor rose 10 to 235p in a restricted market, but Yorkshire Chemicals shed 5 to 120p.

Cecil Gee buoyant

Most retailing issues continued to give ground in subdued trading. Woolworth, 775p, and W. H. Smith "A," 278p, fell 10 apiece, while Gussies "A" dipped 15 more to 965p. In contrast, Cecil Gee spurted 20 to 120p, after 125p, following a broker's bullish circular while Press comment lifted Body Shop 10 more to 640p. Scattered offerings left Next 6 cheaper at 254p.

Thorn EMI, unsettled of late by reports that its troubled Inmos susbidiary is on the verge of closure, rallied to 465p before closing a couple of pence dearer at 459p following news of the launch by Inmos of a new computer system. Other Electrical leaders drifted lower for want of support. BICC lost 8 at 315p and British Telecom, still plagued by Mercury Communications competition worries, gave up 2 afresh at 226p, after 224p. Elsewhere, Amstrad jumped 25 to 532p, after 540p, as investors reappeared in the wake of its denial of any plans to bid for BSR; the latter touched 135p before closing a few pence off at 125p following confirmation that the company is seeking a public listing for its UK-based electrical accessory and engineering businesses. Vague rumours of a possible bid from BP left Telephone Rentals 4 better at 216p, after 220p, while speculative buying lifted Electronic Machine 12 up at 84p. Wayne Kerr closed 7 higher at 85p following the AGM, but Air-Call came on offer at 240p, down 20.

A mixed trend was evident in Engineerings following a quieter trade. Davy Corporation reflected revived takeover hopes with a rise of 6 at 100p, after 104p, while Bromsgrove Industries put on 7 to 102p for the same reason. Hall rose 8 at 206p, but Glynwed declined 12 at 378p and Porter Chadburn relinquished 7 at 280p. Among the quietly dull leaders, GKN cheapened 4 to 321p.

Food manufacturing issues gave ground across the board. Tate and Lyle and Rowntree fell 8 apiece to 562p and 492p respectively and Cadbury-Schweppes drifted back 4 to 167p. Acquisition news left Unigate 7 cheaper at 260p. Elsewhere, Somportex were outstanding and touched 213p, prior to closing a net 20 higher at 210p in the wake of sustained speculative buying interest. Freshbake, a strong market in recent days, moved up to 97p, but eased late in the session to close only 2 firmer on balance at 92p. Barker and Dobson hardened a penny to 15¼p on investment buying.

Interim profits at the top end of analysts' forecasts saw Grand Metropolitan move up to 408p before profit-taking and the widespread setback throughout equity markets left the shares a net 3 lower at the close at 400p. Falls in the region of 4 were common to Trust House Forte, 150p, and Ladbroke, 317p.

Beatson Clark wanted

Quietly dull trading conditions prevailed among the miscellaneous industrial leaders. Metal Box dropped 14 to 720p and Glaxo reacted 13 at 967p, while BTR, after the AGM, ended 8 off at 306p. Trafalgar House gave up 5 more making a two-day fall of 13 at 299p on reports that the company is facing legal action from Britoil for the late delivery of an oil rig. Elsewhere, Beatson Clark attracted speculative buying fuelled by takeover rumours and the close was 23 higher at 228p. Expansion hopes continued to underpin NMW Computers at 355p, up a further 15, while Blue Arrow, current bidders for Hoggett Bowers, put on 6 at 376p. Bestwood, on the Country Gentleman's Association bid situation, closed 30 better at 550p, while improvements of a penny and 3 respectively were seen in AB Engineering, 11¼p, and Rexmore, 30p.

Good interim results and an optimistic statement prompted support for Radio Cycle which put on 3 to 40p.

Secondary issues provided the significant movements in Properties. Speculative demand was forthcoming for Dares Estates which touched 15½p prior to closing 2¼ up at 14½p, while Edmond Holdings gained a like amount to 26½p. USM-quoted York Mount advanced 6 to 60p, while Marler Estates rose 10 to 345p in a restricted market. Warner Estate were finally 15 higher at 850p following the good interim figures, but Abaco shed 3 to 53p and Rosehaugh lost 15 at 575p.

Proceedings among Textiles again centred on Ireland's Sunbeam Wolsey which advanced 10 more to 116p, after 125p, following a bid approach from John Crowther, unchanged at 132p. The latter confirmed the purchase of around 21.5 per cent of Sunbeam's equity from Panamanian concern Namaval at just over 105p per share. Elsewhere in Textiles, buyers displayed fresh enthusiasm for Textured Jersey, finally 8 to the good at 174p, but disappointing preliminary figures left John Foster 12 cheaper at 88p.

Shell move ahead

Oils made a bright start to the session following first quarter results from Royal Dutch/Shell which were given a good reception. Shell, standing at 765p immediately prior to the figures, subsequently improved to 783p before coming off later in the day to close a net 8 to the god at 773p. The easier trend in the afternoon was attributed to the general retreat in equities and to a lesser extent to first quarter results from BP. The latter touched 573p during the morning but fell away to close 10 cheaper on balance at 553p. Britoil dropped 9 to 176p, LASMO 7 to 118p and Ultramar 5 to 175p. Among secondary oils renewed speculative support lifted Century Oils to 109p before a close of 106p, a net gain of 4, while Irish buying boosted Conroy Petroleum and Natural Resources a further 7 to 77p.

There was litle respite for a generally depressed mining market. Another lack-lustre showing by the bullion price coupled with persistent small selling caused a gradual decline in Golds which registered widespread falls before edging off the day's lows in late trading following bear closing. The Gold Mines index gave up 6.7 more to 244.3, its fourth successive decline. Bullion closed a net 50 cents easier at $342.25 an ounce.

Leading Golds showed Vaal Reefs a point down at £41 while Southvaal dipped ⅝ to a year's low of £18¾. Driefontein fell 50 to 950p, Hartebeest retreated 12 to a 1986 low of 221p and Deelkraal lost 10 to 135p.

The latest slide by Golds spilled over into South African Financials and Platinums. In the former group De Beers settled 10 cheaper at 465p, "Amgold" were £1¼ down at £48, Genbel gave up 40 to 560p and "Amcoal" closed 25 lower at 775p.

UK issues were additionally weakened by another general retreat in domestic equities. Consolidated Gold fell 10 to 467p, RTZ 5 to 653p and Hampton Areas, in receipt of a 130p a share bid from Australia's Metals Exploration, were a shade easier at 140p.

The threat of drastic cuts in public spending following the recent poor trade figures and subsequent sharp fall in the Australian dollar gave a severe jolt to overnight Sydney and Melbourne markets. Golds, however, resisted the trend reflecting the benefits to gold miners of a falling Australian dollar. Gold Mines of Kalgoorlie and Central Norseman rose 5 apiece to 325p and 323p respectively while Sons of Gwalia edged up 2 to 170p. CRA put on 6 to 282p but Peko-Wallsend lost that amount to a year's low of 210p.

Traded Options

Business in Traded Options was almost equally divided between calls and puts. Total contracts transacted showed 8,161 calls and 7,626 puts with the FT-SE 100 accounting for 804 calls and 1,323 puts. For the third consecutive session, activity centred on Lonrho positions which contributed 1,411 calls and 270 puts.

FINANCIAL TIMES STOCK INDICES

	May 15	May 14	May 13	May 12	May 9	May 8	year ago
Government Secs	91.98	92.43	91.87	91.60	92.26	92.55	80.37
Fixed Interest	96.89	97.10	96.80	96.88	97.24	96.83	85.58
Ordinary ♥	1302.6	1320.0	1341.2	1330.5	1330.3	1336.9	1012.5
Gold Mines	244.3	251.0	253.6	258.1	258.4	256.6	488.8
Ord. Div. Yield	4.24	4.14	3.96	4.07	4.07	4.05	4.58
Earnings, Yld. %(full)	10.46	10.25	9.82	10.19	10.20	10.09	11.50
P/E Ratio (net) (*)	11.69	11.93	12.45	11.99	11.97	12.11	10.60
Total bargains (Est.)	26,281	26,798	24,857	28,603	26,811	26,818	26,740
Equity turnover £m.	—	680.93	576.43	498.72	675.43	598.74	445.67
Equity bargains	—	23,530	24,567	25,530	30,789	26,635	22,626
Shares traded (ml)	—	295.1	274.1	245.9	312.2	275.3	246.3

♥ Opening 1320.8. 10 am 1323.9. 11 am 1323.5. Noon 1316.2. 1 pm 1311.2 2 pm 1309.1. 3 pm 1307.7. 4 pm 1304.4. Day's High 1324.4. Day's Low 1302.1. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. * Nil=11.29.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.51 (22/4)	86.55 (25/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	244.2 (30/4)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	May 14	May 13
Daily		
Gilt Edged Bargains	153.6	158.6
Equities Bargains	152.5	159.2
Equities Value	1376.3	1165.1
5 day Average		
Gilt Edged Bargains	144.1	139.0
Equities Bargains	169.8	172.0
Equities Value	1225.0	1237.9

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 6	May 16	Aug 7	Aug 18
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22

For rate indications see end of Unit Trust Service

Call options were taken out in Wace, Five Oaks, Stock Conversion, Davy, Pepe, Greenwich Resources, Abaco Resources, Chloride, G. M. Firth, Sound Diffusion, Mnemos, Pressac, Barrie Investment and Finance and Fobel. Puts were struck in Polly Peck, Five Oaks, Wellman and Air Call. No doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	90	20
Corpns. Dom. and Foreign Bonds	7	19	44
Industrials	256	376	859
Financial and Props.	77	99	400
Oils	21	22	77
Plantations	1	0	14
Mines	14	64	102
Others	51	81	76
Totals	430	751	1,592

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500	Nil	12/6	105pm	80pm	Readicut 20p	[illegible]	[illegible]
725	Nil	20/6	65pm	30pm	Saatchi & Saatchi 10p	30pm	—
11	F.P.	—	18	13½	St. Modwen Props. 10p	17½	—
225	Nil	13/6	17pm	5pm	Sale Tilney	5pm	—

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ◆ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under 535 (4) (a) †† Official London listing.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (73)

FOREIGN BONDS (3) Chinese 4½pc 1898, Do 5pc 1912, Do 5pc 1913. AMERICANS (2) Sperry, Woolworth. CANADIANS (1) Massey-Ferguson. BANKS (1) Cie Bancaire. BUILDINGS (3) Federated Housing, Helical Bar, Wiggins. STORES (4) Body Shop, Goldsmiths, S & U Stores, Warehouse. ELECTRICALS (5) Electronic Machine, Emess Lighting, FKI, Kode Int. Tele Rentals. ENGINEERING (3) Christy Hunt, Concentric, Staveley Industries. FOODS (3) Freshbake Foods, Park Food, Somportex. HOTELS (2) Crusts, I o M Enterprises. INDUSTRIALS (16) Allied Plant, Assoc. Brit. Engng., Do. 8pc CumCnvPrf, Beatson Clark, Bestwood, Black (P.), Holden Hydroman, Johnsen and Jorgensen, Myson, Nu-Swift, PSM Intl., RFD, Relyon, Sonesson (W.) AB, Westwood Dawes 'A,' Worthington (A. J.). INSURANCE (1) Royal Insurance. LEISURE (2) Leisure Invs., TVS N/V. MOTORS (1) Volvo. PAPER (2) Ferry Pickering, Olives Paper. PROPERTY (4) Dares Estates, Marler Estates, Warner Estates, York Mount. TEXTILES (4) Lowe (Robert H.), Sekers Intnl., Summer (F.), Sunbeam Wolsey. TRUSTS (13) Cambrian and General, Do. Cap., Drayton Far East Warrants '82-91, Investing in Success, Jove Inv. Cap., London & Gartmore, Murray Smlr. Markets 'B,' Murray Ventures, New Court, Scottish Inv., Stockholders Far East, Strata Invests., Investment Company. OILS (3) Century, Conroy Petroleum, Hunting Petroleum 10pcCnvLn '97.

NEW LOWS (41)

AMERICANS (6) Alcoa, Bethlehem Steel, Contl. Illinois, Eaton, IBM, Merrill Lynch. BUILDINGS (1) Burnett and Hallamshire. CHEMICALS (1) Engelhard. STORES (2) Liberty N/V, Storehouse. ELECTRICALS (1) Telemetrix. FOODS (1) Global Group. HOTELS (1) Mount Charlotte. INDUSTRIALS (6) Diploma, High-Point Services, Securicor 'A' N/V, Syltone, TSL Thermal Syndicate, Toye. INSURANCE (1) Minet. LEISURE (1) Television Services. PAPER (1) Usher Walker. TEXTILES (1) Shaw Carpets. TRUSTS (1) Independent Inv. OILS (2) Bridge Oil, Caledonian Offshore. MINES (15) Cons. Modderfontein, Modder. B Gold, South African Land, Hartebeest., Southvaal, Zandpan, Loraine, Genbel, OFS Invs., Carr Boyd, MIM, North Broken Hill, Pancontinental, Peko-Wallsend, Western Mining.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs May 15 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Weds May 14 Index No.	Tues May 13 Index No.	Mon May 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Building Materials (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Contracting, Construction (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Electronics (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Mechanical Engineering (63)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Other Industrial Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	CONSUMER GROUP (183)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Health and Household Products (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Publishing & Printing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Stores (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Tobacco (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	OTHER GROUPS (86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Miscellaneous (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Oil & Gas (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	FINANCIAL GROUP (116)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Banks (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	499.87	−1.3	—	4.15	—	8.00	506.31	513.93	508.04	356.03
67	Insurance (Brokers) (8)	1210.96	+1.1	8.64	3.91	15.09	20.59	1198.03	1192.86	1182.80	1151.15
68	Merchant Banks (11)	352.87	−0.9	—	3.08	—	1.60	355.93	355.54	354.95	233.81
69	Property (50)	749.66	—	5.54	3.52	23.85	4.13	749.79	748.85	746.41	642.19
70	Other Financial (24)	346.71	−0.3	7.74	4.27	15.41	2.87	347.80	348.26	349.96	286.34
71	Investment Trusts (103)	750.06	—	—	2.92	—	5.78	750.20	749.60	745.37	602.89
81	Mining Finance (3)	287.86	−1.2	12.44	5.54	9.38	6.11	291.30	291.47	286.23	290.84
91	Overseas Traders (14)	692.05	−0.9	12.04	5.97	9.89	11.72	698.10	699.38	684.33	665.79
99	ALL-SHARE INDEX (736)	779.75	−0.8	—	3.93	—	9.77	786.41	797.09	789.37	640.92

	Index No.	Day's Change	Day's High	Day's Low	May 14	May 13	May 12	May 9	May 8	Year ago
FT-SE 100 SHARE INDEX ⊕	1575.7	−18.6	1600.2	1575.1	1594.3	1623.3	1603.8	1601.6	1602.6	1336.1

FIXED INTEREST

	PRICE INDICES	Thurs May 15	Day's change %	Weds May 14	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	124.00	−0.08	124.09	—	4.58
2	5-15 years	146.03	−0.45	146.68	—	4.58
3	Over 15 years	153.11	−0.60	154.04	—	5.67
4	Irredeemables	171.18	−0.57	172.15	—	6.07
5	All stocks	141.01	−0.35	141.51	—	4.81
	Index-Linked					
6	5 years	113.01	—	113.00	—	0.81
7	Over 5 years	119.55	−0.02	119.58	—	1.21
8	All stocks	118.37	−0.02	118.39	—	1.14
9	Debentures & Loans	122.47	−0.06	122.54	—	4.76
10	Preference	89.55	−0.03	89.58	—	2.97

	AVERAGE GROSS REDEMPTION YIELDS		Thurs May 15	Weds May 14	Year ago (approx.)
	British Government				
1	Low	5 years	7.76	7.69	10.73
2	Coupons	15 years	8.74	8.66	10.87
3		25 years	8.76	8.68	10.43
4	Medium	5 years	8.88	8.82	11.70
5	Coupons	15 years	9.05	8.98	11.18
6		25 years	9.06	8.98	10.67
7	High	5 years	9.03	8.96	11.77
8	Coupons	15 years	9.17	9.10	11.33
9		25 years	9.08	9.03	10.82
10	Irredeemables †		8.70	8.64	10.22
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	3.38	3.37	0.00
12	Inflat'n rate 5%	Over 5 yrs.	3.26	3.26	0.00
13	Inflat'n rate 10%	5 yrs.	2.32	2.30	0.00
14	Inflat'n rate 10%	Over 5 yrs.	3.12	3.11	0.00
15	Debs &	5 years	10.10	10.12	12.24
16	Loans	15 years	10.02	10.02	11.91
17		25 years	9.94	9.93	11.71
18	Preference †		10.72	10.72	12.63

⊕ Opening index 1598.6; 10 am 1600.2; 11 am 1598.0; Noon 1589.0; 1 pm 1584.7; 2 pm 1582.0; 3 pm 1578.7; 3.30 pm 1575.5; 4 pm 1576.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Amstrad	532	+25
BP	553	−10
Burmah Oil	348xr	+ 2
Commercial Union	318	− 7
English China Clays	348	− 3
Gee (Cecil)	120	+20
ICI	895	−22
NatWest Bank	750	−20
Royal Insurance	932	+ 1
Shell Transport	773	+ 8
Stainless Metalcraft	200	− 7
Taylor Woodrow	625	+ 5

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
British Telecom	21	228	−12
Cable & Wire.	20	640	−27
Barclays	19	512	−35
NatWest. Bank	18	770	−85
Westbury	18	156	—
Worcester	18	137	—
Ratcliffe (F. S.)	17	230	+35
Midland Bank	16	555	−18
Saatchi S'tchi†	15	30pm	−10
Glaxo	14	980	+15
Lonrho	14	262	+ 1
Pentland Inds.	14	735	—

† Nil paid.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$320	49	24	—	—	—	—	$342.40
GOLD C	$330	30	12.50	—	—	—	—	"
GOLD C	$340	157	4	36	188	—	—	"
GOLD C	$360	—	—	10	9	14	148	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: [illegible]

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*326)	300	40	58	73	8	13	18
	330	20	40	53	20	32	40
B.P. (*553)	500	70	85	93	5	8	15
	550	30	50	63	18	27	38
	600	10	25	37	50	52	57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
P. & O. (*526)	460	67	85	100	1	4	9
	500	27	53	67	2	15	25
	550	2	22	35	30	42	50
	600	2	12	20	80	82	85
Racal (*208)	160	48	58	—	1	2	—
	180	28	42	54	1	6	9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

May 15. Total contracts 15,787. Calls 8,161. Puts 7,626. *Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

May 15	Price Sch.	+ or −
Credit'stalt pp.	2,350	−100
Goesser	3,450	
Interunfall	14,600	−100
Jungbunzlauer	19,600	−500
Laenderbank	2,200	−100
Perlmooser	720	−10
Steyer-Daimler	183	+1
Veitscher Mag.	11,090	−80

BELGIUM/LUXEMBOURG

May 15	Price Frs.	+ or −
B.B.L.	3,100	
Banq. Gen. Lux	15,600	
Banq. Int. A. Lux	16,800	+300
Bekaert	13,100	
Ciment CBR	4,050	+55
Cockerill	150	
Delhaize	11,975	+150
EBES	4,800	−40
Electrobel	14,675	−325
Fabrique Nat.	2,590	+40
GB Inno BM	7,250	−50
GBL (Brux)	3,445	
Generale Bank	6,460	−40
Gevaert	6,180	+80
Hoboken	7,500	
Intercom	3,865	−55
Kredietbank	15,300	−100
Pan Hldgs	11,150	−100
Petrofina	7,940	−10
Royale Belge	22,850	−50
Soc. Gen. Belge	3,205	−5
Sofina	10,250	+50
Solvay	8,250	−50
Stanwick Intl	460	
Tractionel	5,630	+50
UCB	7,180	−20
Wagon Lits	6,020	+40

DENMARK

May 15	Price Knr %	+ or −
Andelsbanken	372	+1
Baltica Skand	660	
CopHandelsbank	286	−1
D. Sukkerfab	395	−5
Danske Bank	383	
De Danske Luft	1,610	−60
East Asiatic	265	−3

GERMANY

May 15	Price Dm.	+ or −
AEG	328	−8
Allianz Vers	2,480	−55
BASF	273.7	−9.3
Bayer	290	−8.3
Bayern Hypo	569	−4
Bayer-Verein	559	−11
BHF Bank	510	−5
BMW	585	−18
Brown Boveri	315	−8
Commerzbank	319	−8.5
Cont. Gummi	246	+16.2
Daimler-Benz	1,325	−20.5
Degussa	450	−13
D'sche Babcock	202	−1
Deutsche Bank	798.5	−11.5
Dresdner Bank	455	−5
GHH	255	−2.5
Henkel	413	−10
Hochtief	945	+5
Hoechst	274xr	−9
Hoesch Werke	179	−2.5
Holzmann (P.)	580	−5
Horten	198	+2
Hussel	484	−3
Karstadt	335	
Kaufhof	430	−14
KHD	256	+1
Kloeckner	90	−3.2
Linde	695	−15
Lufthansa	252	
MAN	200	−2
Mannesmann	215	−10
Mercedes Hld	1,160	−16.5
Metallgesell	545	
Muench Rueck	3,040	−60
Nixdorf	600	−5
Porsche	1,015	−20
Preussag	207	−1
Rhein West Elect	250	−5
Rosenthal	560	
Schering	537	−11.8
Siemens	612.5	−15.5
Thyssen	151.1	−3.9
Varta	353	−7
Veba	285	−11
V.E.W.	170	−1
Verein-West	513	
Volkswagen	558	−12

ITALY

NORWAY

May 15	Price Kroner	+ or −
Bergens Bank	151	+1
Borregaard	327.5	+3.5
Christiania Bk	165	−1
Den Norsk Credit	150	
Elkem	112.5	−1.5
Kosmos	139	−1
Kvaerner	126.5	−2.0
Norcem	97	−2
Norsk Data	225.0xc	+0.5
Norsk Hydro	141	+1
Storebrand	205	−5.5

SPAIN

May 15	Price Pta %	+ or −
Bco Bilbao	920	
Bco Central	685	
Bco Exterior	470	
Bco Hispano	430	
Bco Popular	1,100	
Bco Santander	719	
Bco Vizcaya	1,320	
Dragados	394	
Hidrola	137.5	
Iberduero	196	
Petroleos	381	
Telefonica	223.5	

SWEDEN

May 15	Price Kronor	+ or −
AGA	205	
Alfa-Laval B	367	−8
ASEA (Free)	330xc	
Astra (Free)	575	
Atlas Copco	233	+8
Cardo (Free)	303	
Cellulosa	226	+4
Electrolux B	304	+3
Ericsson B	287	−1
Esselte	540	+5
Mo Och Domsjo	257	+7
Pharmacia	225	
Saab Scania Free	880	+40
Sandvik	875	+20
Skandia	500	−10
SKF	342	+8
Sonesson	185	
St. Kopparbergs	300	+6
Swedish Match	349	−4

Indices

	Ind div yield %	Ind. P/E Ratio	Long Gov Bond Yield
	3.05	17.25	7.5
	3.05	16.83	7.54
	2.98	17.22	7.18
	3.82	11.14	11.33

N.Y.S.E. ALL COMMON

May 15	May 14	May 13	May 12	1986 High	1986 Low
136.13*	136.98	136.35	136.93	141.27 (21/5/86)	117.75 (22/1)

RISES AND FALLS

	May 14	May 13	May 12
Issues traded	1,981	1,991	1,992
Rises	765	659	698
Falls	770	906	870
Unchanged	446	426	424

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Philadelphia El.	7,058,800	18¾	+⅛
Eastern Air.	4,316,000	9⅝	+⅛
Sperry	3,798,300	72⅞	+½
K Mart	1,992,000	51	+2⅛
Amer Tel & Tel	1,720,600	24⅛	+¼
IBM	1,715,500	148⅞	−⅜
Baxter Travel	1,437,600	20⅜	+⅛
Eastman Kodak	1,437,100	59	+2⅜
Mobil	1,099,100	30⅜	+⅛
Chrysler	1,048,500	38⅞	—

CANADA

TORONTO	May 14	May 13	May 12	May 9	May 8	1986 High	1986 Low
Metals & Minerals	2062.2	2049.1	2059.5	2064.72	2064.17	2442.85 (21/5)	2049.1 (15/5)
Composite	3077.3	3072.0	3068.9	3066.10	3064.05	3129.11 (18/4)	2754.0 (17/2)
MONTREAL Portfolio	1561.87	1561.05	1559.39	1561.16	1564.76	1625.55 (16/4)	1386.60 (22/1)

					1986 High	1986 Low
SWEDEN Jacobson & P (31/12/56)	2325.48	2315.69	2292.05	2245.94	2572.65 (22/4)	1729.57 (29/1)
SWITZERLAND Swiss BankCpn(31/12/58)	574.2	576.5	576.4	584.5	625.5 (8/1)	554.7 (28/2)
WORLD M.S. Capital Intl. (1/1/70)	—	318.4	319.9	321.9	322.2 (21/4)	243.8 (25/1)

** Saturday May 10: Japan Nikkei (c). TSE (c).

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Amstrad	532	+25
Beatson Clark	228	+23
Bestwood	550	+30
Bromsgrove Ind	102	+7
Davy Corp	100	+6
Dewey Warren	121	+10
Electronic Mach	84	+12
Gee (Cecil)	120	+20
Shell Trans	773	+8
Somportex	210	+20
Sunbeam Wolsey	116	+10
Textured Jersey	174	+8
Wiggins	64	+10
Willis Faber	462	+10

FALLS

Conv 9½% '05	£104	−⅞
Aberdeen Const	252	−8
Bank of Ireland	460	−45
BP	553	−10
Britoil	176	−9
Foster (John)	88	−12
ICI	895	−22
NatWest. Bank	750	−20
Rowntree Mack	492	−8
Unigate	260	−7

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Continued from Page 41

Prices at 3pm, May 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	11¼	AAR s	.44	2.0	20	60	22½	22	22⅛	
30	21¾	ADT	.92	3.2		1376	29	28	28½	-⅛
28½	11½	AFG s			17	451	26	25½	25½	-½
25⅝	12¾	AGS			15	76	20⅞	20½	20⅝	-⅜
15	9⅞	AMCA				2	13⅝	13⅝	13⅝	-⅛
60⅝	37½	AMR			11	1236	56¼	54½	54¾	-½
16¾	11	ARX	.71t	5.0	13	14	14⅜	14⅛	14⅛	-¼
53⅜	32¾	ASA	2a	5.6		z418	36⅜	35⅞	36	-⅜
18⅝	10½	AVX			23	70	14⅜	14	14⅛	+⅛
32	22⅝	AZP	2.72	9.7	7	581	28⅜	28	28⅛	-¼
91⅞	52	AbtLab1.68		2.0	21	1827	87	84¾	85½	-⅞
44⅝	43	AbtLb wi				53	43¾	43	43	-⅝
31⅞	19⅝	AccoWd.50		1.7	21	42	29¼	29	29	
24¾	10	AcmeC .40		3.0		212	13¼	13	13⅛	
9¼	7	AcmeE .32b		3.9	20	111	8¼	8⅛	8⅛	-⅛
20⅛	16⅝	AdaEx 1.90e		9.4		42	20⅛	19⅞	20⅛	
29	15	AdmMl .40		1.6	12	1	25¾	25¾	25¾	-⅛
20⅜	10¼	AdvSys.63t		4.8	16	35	17¼	16⅞	17¼	+⅛
32⅞	22⅛	AMD				2559	26⅜	26⅛	26⅜	+⅛
12⅝	8¼	Adobe n				16	9⅜	9⅛	9⅛	-¼
18⅜	14⅝	Adob pf1.84		11		84	17	16⅞	16⅞	
20¼	15¼	Adob pf2.40		12		25	19¾	19¾	19¾	
19⅝	8⅛	Advest .12a		6	14	336	19⅝	18¾	18⅞	-¾
66¼	42¼	AetnLf 2.64		4.5	10	1711	59	57¾	58⅛	-1⅜
69¼	29	Ahmns 1.38		2.3	7	3837	59⅜	58½	58¾	-⅛
4¾	2½	Aileen			93	275	[illegible]	4⅞	4⅝	4⅝
83⅝	50⅝	AirPrd 1.48		2.0	15	222	75⅝	75¼	75½	
27¾	18¼	AirbFrt .60		2.7	19	58	22½	22⅛	22⅛	-¼
2⅛	⅜	AlMoani 50c				16	½	15-32	15-32	-1-32
10¼	7½	AlaP dpf.87		8.8		49	10	9⅞	9⅞	
90¾	67¼	AlaP pf8.28		9.3		z100	89	89	89	
25⅝	15¼	AlskAir .16		.8	13	242	20¼	19⅝	19⅞	-⅛
25	7⅞	Albrto s .21		.9	29	217	23¾	23	23½	+2
39	26⅞	Albtsns .84		2.4	14	446	35⅜	35¼	35¼	
34⅝	22¼	Alcan .80		2.7		1731	29½	29	29¼	
46¾	32	AlcoStd .24		3.0	18	111	41¾	41¼	41¾	+¼
39¾	26	AlexAlx 1		2.6		899	37¾	37	37¾	+1

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Continued on Page 41

NYSE COMPOSITE PRICES

Continued from Page 40

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32¼	18⅝	Shrwins .50		1.8	17	461	28½	27⅞	28⅛	− ⅜
12	6⅝	Showbo			14	1047	10⅝	10¼	10⅜	− ⅜
20⅞	12	Showbt .60		3.0	20	16	20	19⅞	19⅞	− ⅛
23⅝	17	SierPac 1.66		7.4	13	105	22⅝	22¼	22½	
58⅞	38⅞	Singer .40		.8	16	x458	52	51½	51⅝	− ¼
39¾	30⅞	Singr pf3.50		9.1		x6	38⅝	38⅝	38⅝	+ ¾
21	12¾	Skyline .48		2.9	18	179	16¾	16½	16¾	+ ⅛
32	22⅞	Slattery				1	24⅛	24⅛	24⅛	− ¼
11¼	1¼	vjSmith .08j				173	2⅝	2½	2½	− ⅛
100	63⅝	SmkB	3	3.3	14	2146	91	89⅞	90⅝	
61¾	27¼	Smckr s .60		1.5	17	42	40¼	40	40¼	+ ¼
58¼	33⅝	SnapOn 1.16		2.1	18	858	55½	55	55¼	+ ⅛
15¾	9⅝	Snyder 1.50		13.	14	188	11⅞	11⅝	11¾	+ ⅛
41	28¼	Sonat	2	6.9		334	29⅜	28¾	29⅛	− ⅛
23⅝	14¼	SonyCp.20e		.9	14	1220	21⅝	21⅜	21½	
36⅞	25⅝	SooLin 1.20		3.8		36	31⅝	31⅛	31¼	+ ¼
44¾	36⅛	SourcC 3.40		7.7		26	44	43¾	44	+ ⅛
28⅞	21¾	SrcCp pf2.40		8.9		10	u27	27	27	+ ¼
37	25¾	SoJerin2.52		7.5	12	36	33½	33¼	33½	+ ¼
47¾	28¾	Soudwn 1b		3.1	11	40	32⅜	32¼	32¼	− ⅜
44	28⅝	SoetBk 1.20		2.9	12	165	41¾	41⅛	41½	
9	5¼	SoetPS2.13t		36.	35	39	5⅞	5¾	5⅞	+ ⅛
31⅞	22¾	SCalEd2.18		7.3	9	2698	29¾	29⅜	29½	
25	18⅞	SouthCo2.04		9.5	7	4489	21¾	21¼	21⅜	− ¼
35	22¾	SoIndGs.98		5.8	11	148	33⅝	33⅝	33⅝	
50¾	37	SNETl 2.80		5.8	12	99	48⅞	48⅝	48½	+ ⅛
51¾	36⅞	SoNE pf3.82		7.4		1	51⅝	51⅝	51⅝	− ⅛
30⅞	18⅛	SoUnCo1.72		8.5	14	622	20½	20	20¼	+ ¼
56⅝	31¼	SouthdL1.12		2.1	21	1314	54¾	53¾	53⅞	− ⅝
73½	49½	Soutld pf	4	5.6		2	70⅞	70⅞	70⅞	+ ⅞
14	5	Soumrk.24b		2.4	6	4874	10⅛	9⅞	10	− ⅛
51¾	40	Somk pf6.02e		12.		1	49	49	49	
31	18⅞	SwAirl .13		.7	14	3567	19⅝	19¼	19½	− ¼
15⅞	9⅞	SwtFor				75	12⅜	12⅛	12¼	+ ⅛
20⅞	15½	SwtGas 1.28		6.8	11	159	18⅞	18¾	18¾	− ⅛

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s
22⅛	11¾	UCCEL				22
40¼	22⅞	UDC	s	4	12.	8
28⅝	20	UGI	2.04	8.0		
13¾	9	UNCRes			18	
18⅜	10¼	URS	.45r	3.0		
46¾	30¼	USFG	2.32	5.5	33	
75	34	USG s	1.92	2.6	10	
26	12⅞	UniFrst .20		.7	19	
177½	87½	UniNV 5.68e		3.3	15	
50¼	33¾	UCamp1.64		3.4	27	
25½	18¾	UCarb s1.50		6.5		
40½	32	UnCrb rt				
13¾	5	UnionC				
25⅝	18⅞	UnElec1.84		7.7	9	
100¼	81	UnEl pf	4	8.2		
34¾	30	UnEl pfM	4	13.		
29¼	24	UnEl pf2.98		11.		
25⅝	17⅞	UnEl pf2.13		8.9		
27¾	25	UnEl pf2.72		10.		
88¼	60½	UnEl pf7.44		8.6		
86	61½	UEl pfH	8	9.8		
24	13⅛	UnEx n1.62e		9.1		
55⅞	45¼	UnPac 1.80		3.5	13	
121¼	103¾	UnPc pf7.25		6.4		
91½	62½	Unryl pf	8	8.9		
4⅝	1½	UnitDr				
27⅞	14¾	UnBrnd05e		.2	12	
20¼	13¾	UBrd pf				
30⅞	17¼	UCbTVs.08		.3	71	
35¾	15⅝	Ulllum 2.32		7.9	5	
31¾	25½	Ulllu pf 3.97		13.		
23½	15⅝	Ulllu pr2.20		10.		
17	13	Ulllu pf 1.90		12.		
27⅞	17⅞	UnitInd .64		3.1	14	
51¾	38½	Uniltnn .22		.4	26	

[illegible]

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17½	10⅛	WyleLb .32		2.1	75	54	15⅛	14⅝	15	
21¾	15	Wynns .60		2.9		54	21	20¾	20¾	− ⅛
72¼	45¾	Xerox	3	5.2	14	1781	59½	57⅞	58¼	− 1
58¼	52⅜	Xerox pf5.45		9.5		2	57¾	57½	57½	− ¼
28¾	20⅝	XTRA	.64	2.6		x128	24⅞	24½	24⅝	
17	13½	Yorkin n				278	14½	14⅛	14⅛	− ⅛
37	26¼	ZaleCp 1.32		4.0	13	47	33½	33⅜	33⅜	+ ⅛
13½	3½	Zapata .08j				587	4⅜	4⅛	4⅜	+ ⅛
80	47¾	Zayre	.64	.8	24	470	77⅜	76	76¾	+ ¼
28⅞	16¾	ZenithE				583	28¼	27½	27⅝	− ½
38⅝	17⅜	ZenLbs.10l		.3	20	3268	30¾	27¼	30⅜	+ 2⅝
22⅝	14	Zero s	.28	1.5	19	24	19½	19¼	19¼	− ¼
45¾	28½	Zurnin 1.32		3.2	15	53	41⅞	41½	41¾	− ¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). *b*-annual rate of dividend plus stock dividend. *c*-liquidating dividend. *cld*-called. *d*-new yearly low. *e*-dividend declared or paid in preceding 12 months. *g*-dividend in Canadian funds, subject to 15% non-residence tax. *i*-dividend declared after split-up or stock dividend. *j*-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. *k*-dividend declared or paid this year, an accumulative issue with dividends in arrears. *n*-new issue in the past 52 weeks. The high-low range begins with the start of trading. *nd*-next day delivery. P/E-price-earnings ratio. *r*-dividend declared or paid in preceding 12 months, plus stock dividend. *s*-stock split. Dividends begins with date of split. *sls*-sales. *t*-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. *u*-new yearly high. *v*-trading halted. *vi*-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. *wd*-distributed. *wi*-when issued. *ww*-with warrants. *x*-ex-dividend or ex-rights. *xdis*-ex-distribution. *xw*-without warrants. *y*-ex-dividend and sales in full. *yld*-yield. *z*-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, May 15

[illegible]

OVER-THE-COUNTER

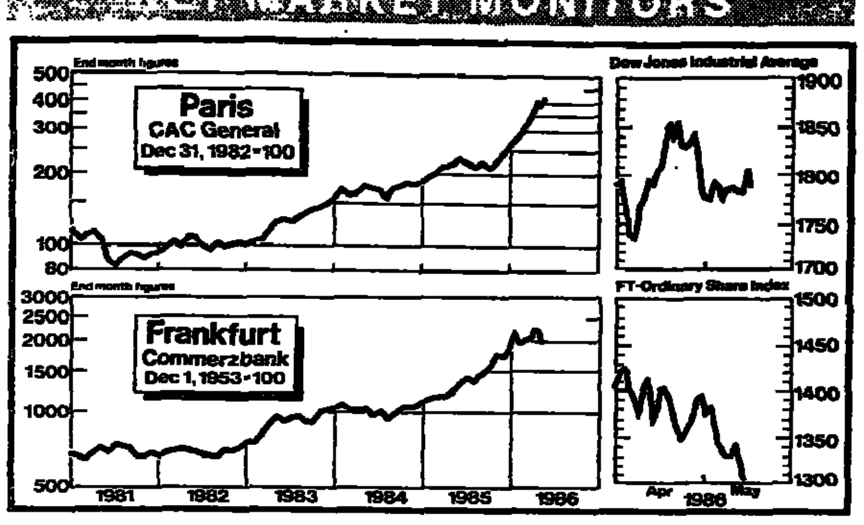
Nasdaq national markets, 2.30pm prices

[illegible]

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 15	Previous	Year ago
NEW YORK			
DJ Industrials	1,787.70*	1,808.28	1,273.52
DJ Transport	779.93*	786.43	611.16
DJ Utilities	182.18*	182.70	159.21
S&P Composite	236.07*	237.54	184.54
LONDON			
FT Ord	1,302.6	1,320 0	1,012.5
FT-SE 100	1,575.7	1,594.3	1,342.4
FT-A All-share	779.75	786.41	640.92
FT-A 500	854.58	862.33	702.88
FT Gold mines	244.3	251.0	488 8
FT-A Long gilt	9.08	9.03	10.76
TOKYO			
Nikkei	15.924.69	15,943.75	12.358.00
Tokyo SE	1,255.43	1,257.80	967.87
AUSTRALIA			
All Ord.	1,194.4	1,222.4	895.2
Metals & Mins.	493.0	491.7	575.3
AUSTRIA			
Credit Aktien	123.73	124.40	93.61
BELGIUM			
Belgian SE	3,635 09	3.642.03	2,237.72
CANADA			
Toronto			
Metals & Minls	2,058.0 *	2,062.2	1,998.0
Composite	3,075.3 *	3,077.3	2,672.2
Montreal			
Portfolio	1,560.38*	1,507.49	131.12
DENMARK			
SE	n/a	232.04	187.18
FRANCE			
CAC Gen	411.3	408.1	221.6
Ind. Tendance	154.20	152.90	79.68
WEST GERMANY			
FAZ-Aktien	655.53	664 95	431.89
Commerzbank	1,986.2	2,019.1	1,262.9
HONG KONG			
Hang Seng	1,794.17	1,820.68	1,612.61
ITALY			
Banca Comm.	841.84	841.92	314.24
NETHERLANDS			
ANP-CBS Gen	263.3	257.9	208.1
ANP-CBS Ind	251.8	246.5	171.6
NORWAY			
Oslo SE	338.74	340.97	332.37
SINGAPORE			
Straits Times	598.22	598.98	814.42
SOUTH AFRICA			
JSE Golds	–	1,171.7	1,086.9
JSE Industrials	–	1,176.2	933.0
SPAIN			
Madrid SE	closed	192.75	82.40
SWEDEN			
J & P	2,323.48	2,313.69	1,384.18
SWITZERLAND			
Swiss Bank Ind	574.2	576.5	429.8
WORLD	May 14	Prev	Year ago
MS Capital Int'l	318.4	319.9	207.6

COMMODITIES

(London)	May 15	Prev
Silver (spot fixing)	328 35p	330.65p
Copper (cash)	£928.00	£933.25
Coffee (May)	£1.958.00	£1,977.50
Oil (Brent blend)	$14.20	$14.10

GOLD (per ounce)

	May 15	Prev
London	$342.25	$342.75
Zürich	$342.05	$342.30
Paris (fixing)	$342.59	$343.22
Luxembourg	$342.20	$343.10
New York (June)	$343.40	$343.10

CURRENCIES

	US DOLLAR		STERLING	
(London)	May 15	Previous	May 15	Previous
$	–	–	1.535	1.5395
DM	2.1985	2.185	3.375	3.365
Yen	163.6	163.35	251.25	251.5
FFr	7.01	6.9675	10.76	10.7275
SFr	1.828	1.8175	2.805	2.7975
Guilder	2.4785	2.45	3.805	3.7875
Lira	1,507.0	1,497.5	2,313.0	2,305.5
BFr	44.8	44.75	68.75	68.75
C$	1.3755	1.3775	2.1125	2.1181

INTEREST RATES

	May 15	Prev
Euro-currencies (3-month offered rate)		
£	10 9/16	10 9/16
SFr	4½	4 9/16
DM	4⅝	4⅝
FFr	7 9/16	7⅛
FT London Interbank fixing (offered rate)		
3-month US$	7	6 15/16
6-month US$	7	6 15/16
US Fed Funds	6¾*	6¾
US 3-month CDs	6.65*	6.55
US 3-month T-bills	6.165*	6.07

US BONDS

Treasury

		May 15* Price	May 15* Yield	Prev Price	Prev Yield
6⅝	1988	99 9/32	7.414	99 11/32	7.12
7⅜	1993	97 24/32	7.81	99 15/32	7.48
7¼	1996	97	7.81	98 3/32	7.65
7¼	2016	97	7.50	97 29/32	7.43

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	May 15* Day's change	Yield	Day's change
1–30	149.43	−0.39	7.70	+0.07
1–10	142.25	−0.29	7.54	+0.08
1– 3	134.54	−0.16	7.20	+0.09
3– 5	143.98	−0.43	7.75	+0.07
15–30	175.24	−0.79	8.19	+0.02

Source: Merrill Lynch

Corporate	May 15* Price	May 15* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	89¾	6.88	89⅝	6.88
SCBT South Central				
10⅞ Jan 1993	106⅝	7.73	106½	7.81
Phibro-Sal				
8 April 1996	99	8.14	98⅝	8.25
TRW				
8¾ March 1996	102	8.35	102	8.35
Arco				
9⅞ March 2016	106½	9.22	106¾	9.2
General Motors				
8⅛ April 2016	94	8.69	93¾	8.72
Citicorp				
9⅜ March 2016	99	9.47	98½	9.52

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	96–12	98–04	96–06	97–27
US Treasury Bills (IMM) $1m points of 100%				
June	93.86	93.94	93.83	93.95
Certificates of Deposit (IMM) $1m points of 100%				
June	n/a	n/a	n/a	93.39
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.04	93.10	93.02	93.17
20-year Notional Gilt £50,000 32nds of 100%				
June	124–26	125–20	124–24	125–23

* Latest available figures

WALL STREET

Profit-takers move in on blue chips

BLUE CHIPS swiftly went into reverse gear on Wall Street yesterday when profit-takers moved in on the sharp gains registered in the final hour of Wednesday's trading, *writes Terry Byland in New York.*

At 3pm the Dow Jones industrial average was down 20.95 at 1,787.33.

As the Dow 1,800 level slipped from the market's grasp once more, traders expressed some disappointment. Wednesday's gain was restricted to the few blue-chip issues affected by the stock futures market.

However, yesterday's economic news was good – the gain of 0.2 per cent in April industrial production statistics was unexpected – and there was no rush to sell blue chips.

Today is expiry day in the stock futures and share option markets, an experience which has proved unsettling in recent months. Traders are expected to delay major investment decisions until the futures and options settlement is completed.

IBM was sold down from the opening, losing $1½ to $146¾. Among other stocks to react from Wednesday's gains were Merck, down $⅞ at $186⅝, Digital Equipment, down $½ at $87½, and General Motors, down $¾ at $76¾.

The rest of the technology sector took its cue from IBM. Weak features included Texas Instruments, down $1½ at $135, and Cray Research, $1¼ lower at $80½. Among the personal computer makers, Apple fell $1⅛ to $35¾ in a sharp selling bout.

Computer stocks were unsettled by the prospect of the Sperry/Burroughs merger which threatens to introduce a new and substantial competitor.

Sperry held steady at $72⅞. It said it would shortly commence its $80-a-share equity buyback although the plan only becomes effective if Burroughs obtains 51 per cent acceptances from Sperry stockholders for its $80-a-share offer.

The arbitrageurs, who hold substantial stakes in Sperry, expect the board's plan to force a slightly higher bid out of Burroughs. At $59⅝ Burroughs eased $¼.

Oils continued to move narrowly as crude oil futures held well above the $15-a-barrel level for June delivery. Exxon shed $⅝ to $58¾, and Atlantic Richfield held steady at $55¼.

Airline stocks gave up a little of their recent gains. United at $58 dipped $⅞ and American $⅝ to $54⅞. Pan Am at $6¼ eased $⅛.

Indications that foreign exchange markets are turning more optimistic on the US dollar sent Pharmaceutical issues lower. Bristol-Myers shed $⅝ to $76¼ and Abbott Laboratories lost $⅝ to $85¾. Mylan Laboratories gained $1⅛ to $24⅛ after receiving FDA approval for a new drug.

Chemicals, which also suffer from a stronger dollar making their product harder to sell overseas, were mixed. Monsanto added $1 to $84¼, but Dow eased $⅝ to $54¼.

In the new issue markets, the when-issued stock of Henley Group, a collection of 35 companies spun off by Allied-Signal, traded up to $23.875 after the planned public offering was increased to $1.59bn, the largest US offer on record.

In the consumer stocks, Coca-Cola plummeted $3¼ to $108¾ in moderate selling after a bearish review in the investment press – the Atlanta soft drinks manufacturer has been struggling to regain Wall Street esteem in the wake of the troubled introduction of New Coke – and the reintroduction of Classic Coke.

There was some activity in Quaker Oats, and old speculative favourite, but the stock settled off the top at $70¼, a net $⅜ up.

J. C. Penney at $78½ added a further $2 in response to the profits statement.

But most other department store issues weakened. Federated Department losing $⅝ to $78¾.

Bonds turned easier in response to the April industrial production figures but remained preoccupied with digesting the weight of recently issued Treasury paper. Both factors reduce the chances of an easing in Federal Reserve policies, and short-term rates turned smartly higher at midsession despite a further $1.5bn in customer repurchase arrangements by the Fed.

TOKYO

Uncertainty over yen lingers

INVESTORS in Tokyo yesterday remained uncertain about the outlook for the yen, and share prices slipped for the fourth straight session, *writes Shigeo Nishiwaki of Jiji Press.*

Some chemicals and biotechnology-related issues performed well, but many domestic demand-oriented shares and blue chips were neglected. Some shares with hidden incentives plummeted.

The Nikkei average eased 19.06 to 15,924.69. It fluctuated narrowly, moving up 29 points at one stage and down 20 points at another. Volume was light at 484m shares, compared with Wednesday's 497m. Losers outstripped gainers by 458 to 383, with 144 issues unchanged.

Many investors were ready to buy domestic demand issues if the yen rose against the US dollar and blue chips if the yen fell. But the yen moved in so narrow a range of Y162 to Y164 to the dollar that they could not decide what stocks to buy. Their confusion was further intensified by a succession of suggestive statements by high-ranking US officials.

Because of the uncertain outlook for the yen, investors sought shares that had long been out of favour. They bought chemicals in the morning and biotechnology-related drugs in the afternoon. An analyst said these share purchases were intended to earn short-term gains, adding that the turnover on these issues was quick.

Among the chemicals favoured, Mitsui Petrochemical and Mitsubishi Chemical benefited from prospects of higher earnings due to the strong yen and cheaper oil. Attracting many institutional buyers, they gained Y45 to Y735 and Y9 to Y699, respectively.

Prominent among the biotechnology-related issues was Toyo Shoda which drew strength from its development of mass production techniques for a human growth hormone. Topping the list of 10 most active stocks with 23.14m shares traded, the stock rose Y19 to Y427.

Leading domestic demand-oriented stocks moved narrowly. Among hidden-asset issues Mitsubishi Estate gained Y20 to Y1,800, and Mitsubishi Warehouse and Transportation lost Y20 to Y1,070. Tokyo Electric Power firmed Y10 to Y3,600 in thin trading. But Tokyo Hotel Chain advanced Y30 to Y1,020.

Many blue chips were out of favour although Hitachi added Y2 to Y890 and Oki Electric gained Y13 to Y696.

Bond prices fell sharply in response to a plunge in bond futures prices, with the yield on the bellwether 6.2 per cent government bond due in July 1995 soaring to 4.815 per cent from Wednesday's 4.775 per cent.

SOUTH AFRICA

THE LACK of any clear direction in Johannesburg left prices steady to easier on a dull day of trading.

Among gold issues Vaal Reefs gave up R4 to R213 and Kloof 50 cents to R22. Randfontein, one of the few bright spots, added R5.50 to R247.

Platinum issue Rustenburg slipped 40 cents to R32.10, and diamond share De Beers was unchanged at R24.60.

EUROPE

Enthusiasm partially diluted

THE VIGOUR displayed on the European bourses on Wednesday was partially diluted yesterday as some centres experienced position adjustments by professional dealers ahead of the Whitsun holiday on Monday. Interest-rate movements, actual and hoped-for, also featured.

Frankfurt gave up ground early in the session, but the pace of the decline quickened as some investors began to fear for the stability of the market, according to brokers. The midsession calculation of the Commerzbank index showed a 32.9 fall to 1,986.2.

Car makers were once again caught in the firing line, with Daimler DM 29.50 lower at DM 1,325 despite good first-quarter tractor sales. BMW took a proportionally more severe fall of DM 18 to DM 555 on modest four-month figures, and VW lost DM 12 to DM 558.

Degussa, the chemicals and precious metals refining group, led the chemical sector lower with its DM 13 decline to DM 450 while Schering finished DM 11.50 cheaper at DM 537. Bayer fell DM 8.30 to DM 290 despite record profits for its photographic unit Agfa-Gevaert.

Among the leading banks Deutsche showed the way with its DM 13.50 decline to DM 798.50 while Commerzbank lost DM 8.50 to DM 319. The sector was depressed by Bundesbank assertions that interest rates are unlikely to move lower as long as the D-Mark remains weak in the EMS.

Sentiment in the bond market was undermined by the Bundesbank remarks and the lower overnight close of US credit markets. Longs fluctuated widely with gains of up to 45 basis points and falls of 60 basis points. The central bank sold DM 12.9m of paper after Wednesday's huge DM 147.5m sales.

Brussels turned mixed amid uncertainty over the Government's ability to cut the country's large budget deficit. Today's scheduled one-day strike by public-sector employees also unsettled sentiment. The Belgian Stock Exchange index lost 6.94 to 3,635.09.

Bellwether Petrofina retreated BFr 10 to BFr 7,945 while Groupe Bruxelles Lambert held unchanged at BFr 3,430.

Utilities, ever sensitive to political developments, lost ground, and chemicals were soon to follow. Ebes surrendered BFr 40 to BFr 4,500, and Solvay fell BFr 50 to BFr 8,250.

Foreign support was noticeable for travel and tourism group Wagons-Lits, which picked up BFr 40 to BFr 6,020.

Zurich firmed as banks steadied. Union Bank, SFr 60 higher at SFr 5,660, was one of the few movers while in insurers Zurich Insurance lost SFr 75 to SFr 8,375.

Adia was buoyed by foreign demand and advanced SFr 275 to SFr 6,350 while Oerlikon-Bührle firmed SFr 10 to SFr 1,980 on results.

Paris was boosted by the relaxation of foreign exchange controls and the recent interest-rate cuts.

Radiotechnique was among the leaders with its FFr 64 gain to FFr 972, while Esso scored a 5 per cent gain to FFr 545. Schneider hit a high for the year of FFr 747 with its FFr 20 rise.

Isolated gains were achieved in **Milan** on technical book-squaring. Fiat added a further L150 to L14,900 after an early L15,000. Among the insurers Generali gained L1,600 to L147,500 while in banks Mediobanca retreated L4,500 to L283,000.

Stockholm finished higher after an easier opening. Volvo featured strongly, buoyed by heavy interest for the transport group in the options market, and ended SKr 7 ahead at SKr 410. First-quarter results are due next week.

Elsewhere, Saab-Scania firmed SKr 40 to SKr 890, and Electrolux picked up SKr 3 to SKr 304.

Pharmacia remained unchanged at SKr 225 despite slightly higher results.

Amsterdam was buoyed by better than-expected results from Royal Dutch. The group rose 60 cents to Fl 191.80.

Among other internationals Akzo gained Fl 1.60 to Fl 159.10 amid brief hopes of a settlement in its fibres dispute with Du Pont. Unilever closed Fl 3.50 down at Fl 423, ex its Fl 16.50 dividend.

Madrid was closed for a public holiday.

LONDON

THE MARKET continued to digest Nat-West's cash call of Wednesday, and prices wilted afresh.

Quarterly figures from Shell, up 8p at 773p, and BP, 10p lower at 553p, failed to excite the market.

The FT Ordinary share index, which posted a gain of 3.9 by 10am, ended with a fall of 17.4 at 1,302.8 while the FT-SE 100 dipped 18.9 to 1,575.7.

A small rally in gilts proved short-lived, and long-dated issues finished with a fall of around ⅞.

Demand persisted for Chinese bonds on debt settlement hopes, with the 5 per cent 1912 improving 6 more to £40.

Chief price changes, Page 39; Details, Page 38; Share information service, Pages 36–37.

AUSTRALIA

BEARISH COMMENTS from the Australian Treasurer over the economy, a drop in the local currency and renewed fears of a rise in domestic interest rates combined to weigh on trading in Sydney yesterday.

Industrial issues led the decline while banks featured among the biggest losers of the day.

BHP was active after Mr Robert Holmes à Court's increased bid on Wednesday but lost 22 cents to A$8.08. Bell Resources, the takeover vehicle, fell 35 cents to A$4.20 while Bell Group, the parent company, gave up 40 cents to A$8.50.

Westpac, which announced a lower-than-expected rise in profits for the half year, drifted 14 cents lower to A$5.96.

HONG KONG

YESTERDAY marked the first day of trading in Cathay Pacific shares, but despite increased activity prices in Hong Kong fell sharply.

The Hang Seng index dropped 26.51 to 1,794.17, dipping below the 1,800 barrier for the first time since April 23.

One in every five Cathay Pacific shares changed hands, and it closed at HK$5.15, close to where it began trading. But the hectic activity distracted investors from issues in other sectors.

In properties Cheung Kong fell 40 cents to HK$21.60, Hongkong and Kowloon Wharf 15 cents to HK$7.00, Hongkong Land 10 cents to HK$6.25 and Sun Hung Kai Properties 20 cents to HK$12.50.

SINGAPORE

DESPITE some profit-taking, Singapore remained steady to firm as blue chips enjoyed support from new investors – who are using money from the Central Provident Fund to purchase shares.

Banks and industrials were popular. DBS gained 5 cents to S$5.35, OCBC the same amount to S$6.40 but UOB gave up 4 cents to S$3.28.

Dah Yung, topping the busy list with 1.42m shares traded, added 21 cents to 42 cents. Also active, Keppel shipyards lost 5 cents to S$1.04.

CANADA

THERE was little reaction in Toronto to the decision by most major banks to cut their prime rates. Advances only slightly outnumbered declines, and most sectors were little changed.

Bank of Montreal, the first bank to cut its prime rate, advanced C$⅛ to C$33⅜. Toronto-Dominion was unchanged at C$25⅝, Royal Bank slipped C$⅛ to C$32⅞ and Bank of Nova Scotia lost C$⅛ to C$14½.

Montreal was also barely changed, Imasco gave up C$⅛ to C$36.